



**West Fargo City Commission Meeting**  
**Monday, April 20, 2020**  
**Commission Chambers 5:30 PM**

- A. Pledge of Allegiance
- B. Approve Order of Agenda
- C. Approval of Minutes – April 6, 2020 **(Pg. 2-4)**

**Consent Agenda – Approve the Following:**

- a. Bills **(Pg. 5-14)**
- b. Final Plat Approval of Oak Ridge 19<sup>th</sup> Addition, a Replat **(Pg. 15-21)**
- c. Plans & Specifications for Improvement Project No. 1330 **(Pg. 22-23)**
- d. Proposals for 2019-2021 City of West Fargo audit services **(Pg. 24-217)**
- e. Application for Appropriation from Civil Asset Forfeiture Fund **(Pg. 218)**

**Regular Agenda**

- 1. Appointment of Jerry Boyer as Interim Chief for the West Fargo Police Department effective 4/25/20 – **Tina Fisk**
- 2. 5:30 p.m. Public Hearing for proposed 15 year Tax Increment Finance District for redevelopment of the existing Bell Bank in Downtown – **Tim Solberg, Tina Fisk, Jim Larson (Pg. 219-234)**
- 3. Resolution for Southside Annexation of Parcels – **John Shockley (Pg. 235-245)**
- 4. Snow Emergency Ordinance Information – **Matt Andvik (Pg. 246-256)**
- 5. Review Task Order No. 16-2 for Project No. 6055 – **Dustin Scott (Pg. 266-278)**
- 6. Spring Flood Update – **Dustin Scott, Matt Andvik (Pg. 279)**
- 7. Construction Updates – **Dustin Scott**
- 8. City Administrator's Report – **Tina Fisk**
- 9. Correspondence
- 10. Non-Agenda
- 11. Adjourn



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Commission Chambers 5:30 PM**

The West Fargo City Commission met on Monday, April 6, 2020, at 5:30 pm. Those present were Bernie Dardis, Brad Olson, Mark Simmons, Eric Gjerdevig, and Mike Thorstad. The President of the Board Bernie Dardis called the meeting to order.

The Pledge of Allegiance was recited.

Commissioner Simmons moved and Commissioner Thorstad seconded to approve the Order of Agenda as presented. No opposition. Motion carried.

Commissioner Olson moved and Commissioner Gjerdevig seconded to approve the minutes of March 16, 2020 as presented. No opposition. Motion carried.

Commissioner Olson moved and Commissioner Simmons seconded to approve the special meeting minutes of March 25, 2020 as presented. No opposition. Motion carried.

The Commission reviewed the Building Department Activity Report and Monthly Comparison Report dated April 6, 2020 and Building Permits #82-99. Commissioner Gjerdevig moved and Commissioner Thorstad seconded to approve the Building Permits as presented. No opposition. Motion carried.

Commissioner Gjerdevig moved and Commissioner Olson seconded to approve the following items from the Consent Agenda:

- a. Games of Chance for AFSP ND Chapter. Games to be conducted: Calendar Raffle from 6/20/2020 to 7/30/2020 at Spicy Pie, 307 Francis Street
- b. Environmental Monitoring Easement for Cass County Joint Water Resource District

No opposition. Motion carried.

City Attorney John Shockley appeared before the Commission for a Second Reading of Ordinance No. 1135, Sales Tax. After discussion, Commissioner Simmons moved and Commissioner Thorstad seconded to approve the Second Reading as presented. No opposition. Motion carried.

City Attorney John Shockley appeared before the Commission for a Second Reading of Ordinance No. 1110, Display of License and Online Motor Vehicle Registration. After discussion, Commissioner Gjerdevig moved and Commissioner Olson seconded to approve the Second Reading as presented. No opposition. Motion carried.

Public Works Director Matt Andvik appeared before the Commission for a First Reading of Ordinance No. 1154, Parking. After discussion, Commissioner Simmons moved and Commissioner Thorstad seconded to table the item for further discussion. No opposition. Motion carried.



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Planning & Zoning Director Tim Solberg appeared before the Commission for a Second Reading and Final Plat Approval of The Ranch at The Wilds First Addition and Rezoning. After discussion, Commissioner Simmons moved and Commissioner Thorstad seconded to approve the Second Reading and Final Plat as presented. No opposition. Motion carried.

Commissioner Eric Gjerdevig appeared for a discussion of waiving the 2020 Liquor License Renewal Fees. After discussion, Commissioner Gjerdevig moved and Commissioner Simmons seconded to waive the 2020 liquor license renewal fees as presented. All other fees will remain in place. No opposition. Motion carried.

City Engineer Dustin Scott appeared before the Commission to Review the bid results for Sewer, Water, Storm, and Street Improvement District No. 1329. After discussion, Commissioner Olson moved and Commissioner Gjerdevig seconded to approve awarding the contract to Dakota Underground for \$1,056,874.35. No opposition. Motion carried.

City Engineer Dustin Scott appeared before the Commission to Review Task Order No. 16-2 for Project No. 6055. After discussion, Commissioner Gjerdevig moved and Commissioner Olson seconded to table the discussion until the April 20, 2020 meeting. No opposition. Motion carried.

City Engineer Dustin Scott and Public Works Director Matt Andvik appeared before the Commission for a Spring Flood Update. No action was requested of the Commission.

City Engineer Dustin Scott appeared before the Commission to provide construction updates. No action was requested.

City Administrator Tina Fisk appeared before the Commission and presented the following items for the City Administrator's Report:

1. Chief Janke returning to FBI
2. Economic Development Director Lauren Orchard starts 4/15/20
3. Fire Department will be conducting training exercise during the day in small groups
0. Sending email to bars/restaurants regarding the waiving of Liquor License renewal fees

There were no non-agenda items.

There was no correspondence.



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Commissioner Simmons moved and Commissioner Thorstad seconded to adjourn the meeting. No opposition. Meeting adjourned.

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Bernie Dardis, Commission President

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Tina Fisk, City Administrator

Consent Agenda Item: a

04/07/20  
14:12:09

CITY OF WEST FARGO, ND  
Check Register  
For the Accounting Period: 4/20

Page: 1 of 10  
Report ID: AP300

Claim Checks

Check #	Type	Vendor #/Name	Check Amount	Date Issued	Period Redeemed	Claim #	Claim Amount
86501	S	333 ND MOTOR VEHICLE DEPT.	10.00	04/07/20			
						CL 90247	10.00
86502	S	333 ND MOTOR VEHICLE DEPT.	10.00	04/07/20			
						CL 90248	10.00
86503	S	489 3-D SPECIALITIES	2220.71	04/07/20			
						CL 90086	1384.37
						CL 90110	836.34
86504	S	4 ABM	450.39	04/07/20			
						CL 90253	450.39
86505	S	289 ACME TOOLS	697.21	04/07/20			
						CL 90089	125.84
						CL 90127	219.00
						CL 90201	352.37
86506	S	3179 ADVANCED ENGINEERING & ENVIRONMENTAL SER	4475.45	04/07/20			
						CL 90009	3055.70
						CL 90010	1419.75
86507	S	3490 AMAZON CAPITAL SERVICES	194.97	04/07/20			
						CL 90021	5.99
						CL 90054	13.48
						CL 90130	29.99
						CL 90182	85.50
						CL 90189	44.01
						CL 90242	16.00
86508	S	2742 AMBASSADOR INC	5106.00	04/07/20			
						CL 90176	5106.00
86509	S	2775 AMCS GROUP, INC.	406.98	04/07/20			
						CL 90212	406.98
86510	S	2844 AMERICAN MAIL HOUSE INC	861.02	04/07/20			
						CL 90059	861.02
86511	S	317 AMERICAN WELDING & GAS, INC.	40.32	04/07/20			
						CL 90243	40.32
86512	S	1139 APWA MEMBERSHIP RENEWAL	208.00	04/07/20			
						CL 90123	208.00
86513	S	3511 ASPEN MILLS	95.40	04/07/20			
						CL 90126	95.40
86514	S	22 ASPLIN EXCAVATING	756.84	04/07/20			
						CL 90088	756.84
86515	S	1695 BAKER & TAYLOR	370.57	04/07/20			
						CL 89523	11.88
						CL 90024	358.69
86516	S	2826 BCBS OF ND	145.75	04/07/20			
						CL 90051	145.75
86517	S	999999 BECKI WOHL	134.00	04/07/20			
						CL 90067	134.00
86518	S	3590 BEST CHOICE CONSTRUCTION LLC	1000.00	04/07/20			
						CL 90111	1000.00
86519	S	1403 BLUE TARP FINANCIAL, INC	239.99	04/07/20			
						CL 89960	199.99
						CL 89970	40.00

Claim Checks

Check #	Type	Vendor #/Name	Check Amount	Date Issued	Period Redeemed	Claim #	Claim Amount
86520	S	26 BORDER STATES INDUSTRIES INC	74.68	04/07/20			
						CL 90207	74.68
86521	S	3512 BOUND TREE MEDICAL, LLC	1444.56	04/07/20			
						CL 90028	874.80
						CL 90132	569.76
86522	S	652 BRENCO CORPORATION	1332.66	04/07/20			
						CL 90128	1332.66
86523	S	16 BROKERAGE PRINTING	593.25	04/07/20			
						CL 90140	40.00
						CL 90161	52.50
						CL 90225	464.00
						CL 90230	36.75
86524	S	351 BUSINESS ESSENTIALS	897.15	04/07/20			
						CL 90013	343.48
						CL 90047	39.07
						CL 90056	432.52
						CL 90234	82.08
86525	S	39 BUTLER MACHINERY	1020.65	04/07/20			
						CL 89993	1020.65
86526	S	3588 CARR'S TREE SERVICE, INC.	2250.00	04/07/20			
						CL 90073	2250.00
86527	S	51 CASS COUNTY ELECTRIC COOP	44933.02	04/07/20			
						CL 90016	2380.00
						CL 90042	42527.00
						CL 90050	26.02
86528	S	61 CASS COUNTY FINANCE	5520.00	04/07/20			
						CL 90070	150.00
						CL 90098	100.00
						CL 90164	5270.00
86529	S	46 CASS RURAL WATER USERS	28.08	04/07/20			
						CL 90102	28.08
86530	S	928 CHRISTIANSON'S BUSINESS FURNITURE	891.57	04/07/20			
						CL 90007	891.57
86531	S	3216 CINTAS	89.33	04/07/20			
						CL 90078	89.33
86532	S	111 CITY OF FARGO	803473.65	04/07/20			
						CL 90014	34120.47
						CL 90041	53036.99
						CL 90060	714316.19
						CL 90138	2000.00
86533	S	2880 CITY OF FARGO	297587.25	04/07/20			
						CL 90017	209381.25
						CL 90018	88206.00
86534	S	3167 City of West Fargo	199.00	04/07/20			
						CL 90246	199.00
86535	S	3592 COBAN TECH / SF MOBILE VISION INC	6635.00	04/07/20			
						CL 90165	6635.00

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Check #	Type	Vendor #/Name	Check Amount	Date Issued	Period Redeemed	Claim #	Claim Amount
86536	S	1904 CODE 4 SERVICES, INC	16397.85	04/07/20	_____	CL 89978 CL 90135 CL 90143	9666.64 1999.48 4731.73
86537	S	3591 CODY ZAVADIL	133.00	04/07/20	_____	CL 90142	133.00
86538	S	999999 COLE BERTRAND	500.00	04/07/20	_____	CL 90188	500.00
86539	S	3245 CORE & MAIN	3452.81	04/07/20	_____	CL 89968 CL 89995 CL 90214	699.20 2180.74 572.87
86540	S	60 CROSSCOUNTRY FREIGHT SOLUTIONS	348.95	04/07/20	_____	CL 90076 CL 90218	84.95 264.00
86541	S	65 CURT'S LOCK & KEY	2.80	04/07/20	_____	CL 90077	2.80
86542	S	1675 DAKOTA FLUID POWER, INC	139.38	04/07/20	_____	CL 90087	139.38
86543	S	87 DAKOTA TIRE	87.60	04/07/20	_____	CL 90139 CL 90254	63.60 24.00
86544	S	77 DEMCO	813.32	04/07/20	_____	CL 90121	813.32
86545	S	1502 EIDE BAILLY	540.00	04/07/20	_____	CL 90191	540.00
86546	S	1841 EMERGENCY AUTOMOTIVE TECHNOLOGIES, INC	823.96	04/07/20	_____	CL 90198	823.96
86547	S	2862 ESSENTIA HEALTH	848.00	04/07/20	_____	CL 90015	848.00
86548	S	660 FARGO FREIGHTLINER	1742.00	04/07/20	_____	CL 90205	1742.00
86549	S	979 FARGO LINE-X	1451.00	04/07/20	_____	CL 90082 CL 90206	1255.00 196.00
86550	S	1979 FARGO MHD WEST FARGO CHAMBER OF COMMERCE	32.00	04/07/20	_____	CL 90115	32.00
86551	S	132 FARGO NORTHWEST PIPE	445.78	04/07/20	_____	CL 90085	445.78
86552	S	728 FARNAM'S GENUINE PARTS, INC	1003.03	04/07/20	_____	CL 89990 CL 90091 CL 90195	39.96 680.31 282.76
86553	S	2098 FBI-LEEDA	2085.00	04/07/20	_____	CL 89981 CL 90031 CL 90053	695.00 695.00 695.00

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86554	S	329 FERGUSON WATERWORKS #2516	1259.51	04/07/20			
						CL 89988	1259.51
86555	S	3161 FIRST INTERNATIONAL BANK & TRUST #1	1198.59	04/07/20			
						CL 90026	1198.59
86556	S	3162 FIRST INTERNATIONAL BANK & TRUST #2	400.68	04/07/20			
						CL 90027	400.68
86557	S	3347 FIRST INTERNATIONAL INSURANCE	308028.00	04/07/20			
						CL 90178	307093.00
						CL 90194	935.00
86558	S	932 FIRST LINK	10000.00	04/07/20			
						CL 90231	10000.00
86559	S	55 FLEETPRIDE	18.32	04/07/20			
						CL 89999	18.32
86560	S	3499 FLINT GROUP	7765.54	04/07/20			
						CL 90114	7765.54
86561	S	104 FORUM COMMUNICATIONS	218.80	04/07/20			
						CL 90049	173.15
						CL 90240	45.65
86562	S	155 GALLS, LLC	1658.48	04/07/20			
						CL 89982	1090.01
						CL 90029	568.47
86563	S	93 GATEWAY CHEVROLET	113.96	04/07/20			
						CL 90199	113.96
86564	S	939 GRAYBAR	3189.02	04/07/20			
						CL 89959	142.73
						CL 89997	1308.74
						CL 90081	1598.08
						CL 90109	139.47
86565	S	3206 GREAT OUTCOMES CONSULTING LLC	1500.00	04/07/20			
						CL 90193	1500.00
86566	S	2877 GREATAMERICA FINANCIAL SERVICES	1324.03	04/07/20			
						CL 90038	704.51
						CL 90045	176.63
						CL 90065	442.89
86567	S	2318 HABERDASHERY	811.00	04/07/20			
						CL 90186	811.00
86568	S	2713 HAMPTON INN & SUITES	432.00	04/07/20			
						CL 89980	432.00
86569	S	769 HARBOR FREIGHT TOOLS	365.91	04/07/20			
						CL 89964	365.91
86570	S	135 HAWKINS WTR TREATMENT	7875.00	04/07/20			
						CL 90166	7875.00
86571	S	3281 HEARTLAND PAPER COMPANY	217.98	04/07/20			
						CL 89966	217.98
86572	S	2850 HENRY SCHEIN, INC	21.76	04/07/20			
						CL 90162	21.76
86573	S	999999 HERITAGE COMMONS	5872.00	04/07/20			
						CL 90101	5872.00

Claim Checks

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86574	S	999999 HERITAGE SQUARE LP	114.00	04/07/20	_____	CL 90100	114.00
86575	S	3593 HOLIDAY COMPANIES	270.00	04/07/20	_____	CL 90184	270.00
86576	S	1226 HP INC.	10663.48	04/07/20	_____	CL 90008 CL 90262	9652.48 1011.00
86577	S	3087 IBM CORPORATION	245.00	04/07/20	_____	CL 90177	245.00
86578	S	2854 IMPACT PLASTICS	1187.40	04/07/20	_____	CL 90001	1187.40
86579	S	211 INTERSTATE BATTERIES	194.18	04/07/20	_____	CL 90204	194.18
86580	S	1076 IPMA - HR	649.05	04/07/20	_____	CL 90255	649.05
86581	S	233 J & L SPORTS	21.00	04/07/20	_____	CL 90075	21.00
86582	S	2750 JIM'S TOWING INC	195.00	04/07/20	_____	CL 90215	195.00
86583	S	2709 JOHNSON LAWN SERVICE	696.00	04/07/20	_____	CL 90144	696.00
86584	S	2735 KADRMAS, LEE & JACKSON, INC	40841.00	04/07/20	_____	CL 90116 CL 90117 CL 90118	10815.50 29170.50 855.00
86585	S	3565 KENDEL FROST	77.36	04/07/20	_____	CL 90129	77.36
86586	S	2752 KOST MATERIALS, LLC	984.00	04/07/20	_____	CL 90079	984.00
86587	S	2325 KUSTOM KONCEPTS	4094.97	04/07/20	_____	CL 90146 CL 90252	1959.48 2135.49
86588	S	999999 LACY FUGLESTEIN	10.81	04/07/20	_____	CL 90006	10.81
86589	S	260 LAR'S BODY SHOP	2889.10	04/07/20	_____	CL 90052	2889.10
86590	S	999999 LASANA KEITA	34.50	04/07/20	_____	CL 90055	34.50
86591	S	705 LAWSON PRODUCTS	282.13	04/07/20	_____	CL 89962	282.13
86592	S	3418 LOFFLER	8095.39	04/07/20	_____	CL 90131 CL 90229 CL 90260	7850.00 39.01 206.38
86593	S	3491 LOFFLER COMPANIES INC	204.41	04/07/20	_____	CL 90044	204.41
86594	S	711 LUTHER FAMILY FORD	171.38	04/07/20	_____	CL 89971 CL 89991	38.48 132.90

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86595	S	3502 M&T FIRE AND SAFETY	177.00	04/07/20	_____		
						CL 90244	177.00
86596	S	3304 MAC'S - FARGO	83.76	04/07/20	_____		
						CL 89969	65.99
						CL 90210	17.77
86597	S	999999 MADISON HAUSAUER	48.50	04/07/20	_____		
						CL 90005	48.50
86598	S	3384 MATHESON TRI-GAS INC	260.58	04/07/20	_____		
						CL 90174	260.58
86599	S	3449 MBN ENGINEERING, INC	2500.00	04/07/20	_____		
						CL 90040	2500.00
86600	S	299 MENARDS	694.04	04/07/20	_____		
						CL 89958	222.42
						CL 89972	47.85
						CL 90058	18.99
						CL 90095	176.91
						CL 90097	10.66
						CL 90099	118.96
						CL 90125	17.96
						CL 90136	80.29
86601	S	2020 MIDAMERICA BOOKS	131.67	04/07/20	_____		
						CL 90023	131.67
86602	S	2766 MIDCONTINENT COMMUNICATIONS	200.00	04/07/20	_____		
						CL 90163	200.00
86603	S	102 MIDSTATES WIRELESS	292.50	04/07/20	_____		
						CL 90134	190.00
						CL 90148	102.50
86604	S	3462 MIDWEST CARD AND ID SOLUTIONS LLC	2200.00	04/07/20	_____		
						CL 90226	2200.00
86605	S	1854 MIDWEST TAPE	1261.12	04/07/20	_____		
						CL 90025	155.61
						CL 90192	1105.51
86606	S	772 MINNKOTA	75.00	04/07/20	_____		
						CL 90035	75.00
86607	S	305 MOORE ENGINEERING	55892.50	04/07/20	_____		
						CL 90106	32980.00
						CL 90107	22912.50
86608	S	673 MOORHEAD ELECTRIC	14242.50	04/07/20	_____		
						CL 89989	2930.00
						CL 90080	11312.50
86609	S	1014 MOTION INDUSTRIES, INC	76.55	04/07/20	_____		
						CL 90083	76.55
86610	S	3085 MRA-THE MANAGEMENT ASSOCIATION, INC	437.50	04/07/20	_____		
						CL 90068	437.50
86611	S	298 MVTL LABORATORIES	159.50	04/07/20	_____		
						CL 89967	159.50
86612	S	3428 ND DEPARTMENT OF ENVIORNMENTAL QUALITY	180.00	04/07/20	_____		
						CL 90167	180.00

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86613	S	895 ND INSURANCE DEPT.	860.91	04/07/20			
						CL 90113	860.91
86614	S	1600 NELSON AUTO CENTER FLEET DEPT	32221.70	04/07/20			
						CL 90249	32221.70
86615	S	364 NELSON INTERNATIONAL	288.53	04/07/20			
						CL 90002	288.53
86616	S	3114 NEOLOGY INC	23895.00	04/07/20			
						CL 90030	23895.00
86617	S	271 NETCENTER TECHNOLOGIES	6100.50	04/07/20			
						CL 90011	61.00
						CL 90063	767.50
						CL 90224	838.50
						CL 90259	4376.00
						CL 90263	57.50
86618	S	2261 NETWORK CENTER INCORPORATED	5000.00	04/07/20			
						CL 90012	5000.00
86619	S	141 NORTH STAR SAFETY, INC	783.25	04/07/20			
						CL 90112	9.75
						CL 90173	773.50
86620	S	328 NORTHERN ENGINE & SUPPL	56.06	04/07/20			
						CL 90092	56.06
86621	S	1715 NORTHWEST TIRE INC	607.04	04/07/20			
						CL 89992	607.04
86622	S	1774 O'REILLY AUTOMOTIVE STORES, INC	944.43	04/07/20			
						CL 90071	609.84
						CL 90133	26.99
						CL 90145	62.93
						CL 90202	201.88
						CL 90257	42.79
86623	S	3416 OCLC, INC.	766.04	04/07/20			
						CL 90022	766.04
86624	S	353 OHNSTAD TWICHELL	66696.00	04/07/20			
						CL 90122	97.50
						CL 90241	66598.50
86625	S	399 OLYMPIC SALES	876.00	04/07/20			
						CL 90219	876.00
86626	S	631 ONE CALL CONCEPT	184.25	04/07/20			
						CL 90217	184.25
86627	S	276 OSTROMS ACE HARDWARE	914.76	04/07/20			
						CL 89954	330.54
						CL 90037	2.59
						CL 90094	86.46
						CL 90209	306.99
						CL 90251	188.18
86628	S	563 PETRO SERVE USA	19435.00	04/07/20			
						CL 90004	179.26
						CL 90256	19193.16
						CL 90258	62.58

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86629	S	360 PIONEER RIM/WHEEL	68.66	04/07/20			
						CL 90216	68.66
86630	S	764 POLYGRAPH SERVICES - ROLLIE RUST	875.00	04/07/20			
						CL 90185	875.00
86631	S	1166 PRODUCTIVITY PLUS ACCOUNT	876.59	04/07/20			
						CL 89961	32.09
						CL 90172	749.81
						CL 90197	94.69
86632	S	1253 PROTECTION SYSTEMS, INC	875.00	04/07/20			
						CL 90084	875.00
86633	S	1335 PUBLIC AGENCY TRAINING COUNCIL	350.00	04/07/20			
						CL 89979	350.00
86634	S	2221 PUBLISHERS WEEKLY	269.49	04/07/20			
						CL 90120	269.49
86635	S	1128 R & R PETROLEUM EQUIPMENT	228.00	04/07/20			
						CL 89974	228.00
86636	S	999999 RACHEL SHILTZ	500.00	04/07/20			
						CL 90187	500.00
86637	S	3204 RECORD KEEPERS	16.00	04/07/20			
						CL 90223	16.00
86638	S	663 ROAD EQUIPMENT PARTS CENTER	65.10	04/07/20			
						CL 89998	23.46
						CL 90093	34.71
						CL 90200	6.93
86639	S	2656 RYAN HASKELL	80.50	04/07/20			
						CL 90036	80.50
86640	S	3353 SAM'S CLUB MC/SYNCB	277.11	04/07/20			
						CL 89965	277.11
86641	S	1881 SAM'S CLUB/SYNCHRONY BANK	131.89	04/07/20			
						CL 90245	131.89
86642	S	3354 SARA ENGLER	11.02	04/07/20			
						CL 90066	11.02
86643	S	450 SCHEELS	64.97	04/07/20			
						CL 90103	64.97
86644	S	2512 SCOTT DIAMOND	362.50	04/07/20			
						CL 90222	362.50
86645	S	999999 SHADOW CREEK TOWNHOMES	225.98	04/07/20			
						CL 90227	225.98
86646	S	999999 SHADOW CREEK TOWNHOMES	61.75	04/07/20			
						CL 90228	61.75
86647	S	459 SHERWIN WILLIAMS	265.30	04/07/20			
						CL 90003	265.30
86648	S	1702 SHEYENNE RIVER KENNELS	160.47	04/07/20			
						CL 90033	160.47
86649	S	2655 SIMPLIFILE	95.00	04/07/20			
						CL 90175	95.00
86650	S	1626 SIRCHIE FINGERPRINT LABORATORIES	313.35	04/07/20			
						CL 89977	313.35

Claim Checks

Check #	Type	Vendor #/Name	Check Amount	Date Issued	Period Redeemed	Claim #	Claim Amount
86651	S	3589 SOURCE INCORPORATED OF MISSOURI	8130.10	04/07/20			
86652	S	3587 SOUTHLAND TOOL MFG INC	502.99	04/07/20		CL 90069	8130.10
86653	S	2616 STANNA FLOM	76.57	04/07/20		CL 90074	502.99
86654	S	3516 STEIN'S INC	479.89	04/07/20		CL 90104	76.57
86655	S	274 STEVE MOTTINGER	4750.00	04/07/20		CL 90147 CL 90250	189.21 290.68
86656	S	2859 STOPSTICK LTD	2431.00	04/07/20		CL 90221	4750.00
86657	S	31 STURDEVANT'S AUTO PARTS	52.15	04/07/20		CL 89975	2431.00
86658	S	733 SWANSTON EQUIPMENT CORP.	15524.42	04/07/20		CL 90090 CL 90196	36.31 15.84
86659	S	634 SWEENEY CONTROLS COMPANY	727.20	04/07/20		CL 90000 CL 90220	176.42 15348.00
86660	S	1225 T.R.S. INDUSTRIES, INC	402.17	04/07/20		CL 89987	727.20
86661	S	2858 TAKEFORM	145.23	04/07/20		CL 90211	402.17
86662	S	2491 TEAM LABORATORY CHEMICAL, LLC	5400.00	04/07/20		CL 90034	145.23
86663	S	2213 TITAN MACHINERY, INC.	21785.40	04/07/20		CL 89994	5400.00
86664	S	1734 TOM CLARK	38.09	04/07/20		CL 90171	21785.40
86665	S	1285 TRAFFIC CONTROL CORPORATION	398.00	04/07/20		CL 90137	38.09
86666	S	665 TWIN CITY GARAGE DOOR	355.97	04/07/20		CL 90213	398.00
86667	S	2951 TYLER TECHNOLOGIES, INC	540.74	04/07/20		CL 89973	355.97
86668	S	1320 TYLER WILLIAMS	25.00	04/07/20		CL 90105	540.74
86669	S	2720 UNITED RENTALS (NORTH AMERICA), INC	13.98	04/07/20		CL 90160	25.00
86670	S	2478 VALLI	7242.60	04/07/20		CL 90108	13.98
86671	S	1553 VARITECH INDUSTRIES, INC	178.26	04/07/20		CL 90019 CL 90020	6477.90 764.70
86672	S	1267 VERIZON WIRELESS	9480.49	04/07/20		CL 89963	178.26
						CL 89976 CL 89985	129.38 9351.11

Claim Checks

Check #	Type	Vendor #/Name	Check Amount	Date Issued	Period Redeemed	Claim #	Claim Amount
86673	S	2435 VISA POLICE #1	2735.43	04/07/20	_____	CL 89984	2735.43
86674	S	3233 VISA POLICE #2	2038.37	04/07/20	_____	CL 89955	2038.37
86675	S	544 WALLWORK TRUCK CENTER	88.72	04/07/20	_____	CL 90124	88.72
86676	S	576 WALMART COMMUNITY	55.22	04/07/20	_____	CL 90183	55.22
86677	S	3554 WENCK ASSOCIATES INC	5145.03	04/07/20	_____	CL 90261	5145.03
86678	S	2945 WEST FARGO AREA COMMUNITY PROGRAM	12378.22	04/07/20	_____	CL 90046	12378.22
86679	S	566 WEST FARGO PARK DISTRICT	335580.00	04/07/20	_____	CL 90061	335580.00
86680	C S	378 WEST FARGO POSTMASTER	0.00	04/07/20	_____	CL 89507	
86681	* S	2184 WEST SIDE STEEL	289.82	04/07/20	_____	CL 90072	10.00
						CL 90203	279.82
86682	S	549 WF PUB SCHOOLS DIST #6	12375.00	04/07/20	_____	CL 90043	11990.00
						CL 90232	385.00
86683	S	3022 WINDOW TINT PROS AND AUTOMOTIVE ACCESSOR	640.00	04/07/20	_____	CL 90032	640.00
86684	S	338 XCEL ENERGY	10740.07	04/07/20	_____	CL 90048	143.42
						CL 90062	1973.10
						CL 90179	138.20
						CL 90180	55.37
						CL 90181	55.57
						CL 90235	6638.38
						CL 90236	46.59
						CL 90237	39.05
						CL 90238	95.84
						CL 90239	1554.55
86685	S	582 ZEP MANUFACTURING	341.43	04/07/20	_____	CL 90208	341.43

**Total for Claim Checks 2345234.10**  
Count for Claim Checks 185

\* denotes missing check number(s)

# of Checks: 185 Total: 2345234.10

\*\*\* Consent Agenda \*\*\*

AGENDA ITEM DESCRIPTION  
CITY COMMISSION  
WEST FARGO, NORTH DAKOTA

Agenda #     b    

\*\*\*Please Note: The following information must be completed and submitted to the West Fargo City Auditor's Office by the Thursday noon preceding the City Commission meeting. Failure to comply may result in no action being taken on your request.

1. CONTACT PERSON:     Tim Solberg, AICP    

2. PHONE NUMBER:     433-5321     DATE:     April 16, 2020    

3. PLEASE **BRIEFLY** DESCRIBE YOUR REQUEST:

    Oak Ridge 19<sup>th</sup> Addition, a Replat.      
\_\_\_\_\_

4. SITE ADDRESS OR LEGAL DESCRIPTION (if applicable):

    Lot 1, Block 1 of Oak Ridge 13<sup>th</sup> Addition, City of West Fargo, North Dakota.      
\_\_\_\_\_

5. ACTION BEING REQUESTED FROM CITY COMMISSION:

    Final Plat Approval based on conditions listed in the Staff Report.      
\_\_\_\_\_

CITY OF WEST FARGO PLANNING & COMMUNITY DEVELOPMENT

STAFF REPORT

A20-11		REPLAT
Oak Ridge 19 <sup>th</sup> Addition		
Lot 1, Block 1 of Oak Ridge 13 <sup>th</sup> Addition		
Applicant: Tyler Brandt Owner: 412 Properties LLC	Staff Contact: Tim Solberg, AICP	
Planning & Zoning Commission Introduction:	04-07-2020	
Public Hearing:	04-07-2020 – Approved	
Final Plat Approval:	04-20-2020	

**PURPOSE:**

Replat one lot into two to provide for development.

**STATEMENTS OF FACT:**

Existing Land Use:	Vacant (Lot 1); Office/Retail (Lot 2)
Current Zoning District(s):	C: Light Commercial
Zoning Overlay District(s):	CO: Corridor Overlay District
Proposed Lot size(s) or range:	27,145 ft <sup>2</sup> and 59,922 ft <sup>2</sup>
Total area size:	87,067 ft <sup>2</sup>
Adjacent Zoning Districts:	North – R-1SM: Mixed One and Two Family South – C: Light Commercial East – PUD: Planned Unit Development (commercial use) West –PUD: Planned Unit Development (commercial use)
Adjacent street(s):	32 <sup>nd</sup> Avenue East (Minor Arterial); 6 <sup>th</sup> Street East (Local)
Adjacent Bike/Pedestrian Facilities:	Path along 32 <sup>nd</sup> Ave E and 6 <sup>th</sup> St E
Available Parks/Trail Facilities:	Shadow Wood and Maple Ridge at the Preserve Parks accessible within ½ mile by sidewalks and path
Land Dedication Requirements:	Provided with previous subdivision

**DISCUSSION AND OBSERVATIONS:**

- The applicant has submitted an application and preliminary plat. A proposed site plan has also been reviewed by staff.
- The proposed lots will meet current zoning district standards.
- The proposed replat does not affect any public easements or right of ways.
- As part of a previous City project an access was approved and constructed onto 6<sup>th</sup> St E which is in closer proximity to 32<sup>nd</sup> Ave E than would be approved following standards for access onto a local street approaching an arterial roadway. Although it is not preferred to have the access at this location, staff does not believe the access will cause major disruption to the operation of 32<sup>nd</sup> Ave E and would review any operation of the site at time of building permit. To avoid an unnecessary taking, staff would recommend approving of the continued use of the access for Lot 1, but will recommend shared access between Lot 1 and Lot 2 as part of the plat as a precautionary measure to ensure that the lot will have secure access should any changes be necessary for the continued safe operation of 32<sup>nd</sup> Ave E.

STAFF REPORT

**NOTICES:**

Sent to: Applicable agencies and departments

Comments Received:

- None to date.

**CONSISTENCY WITH COMPREHENSIVE PLAN AND OTHER APPLICABLE CITY PLANS AND ORDINANCES:**

- The proposed plan is consistent with City plans and Ordinances with the exception of the existing access which had been previously approved through an improvement district which constructed it.

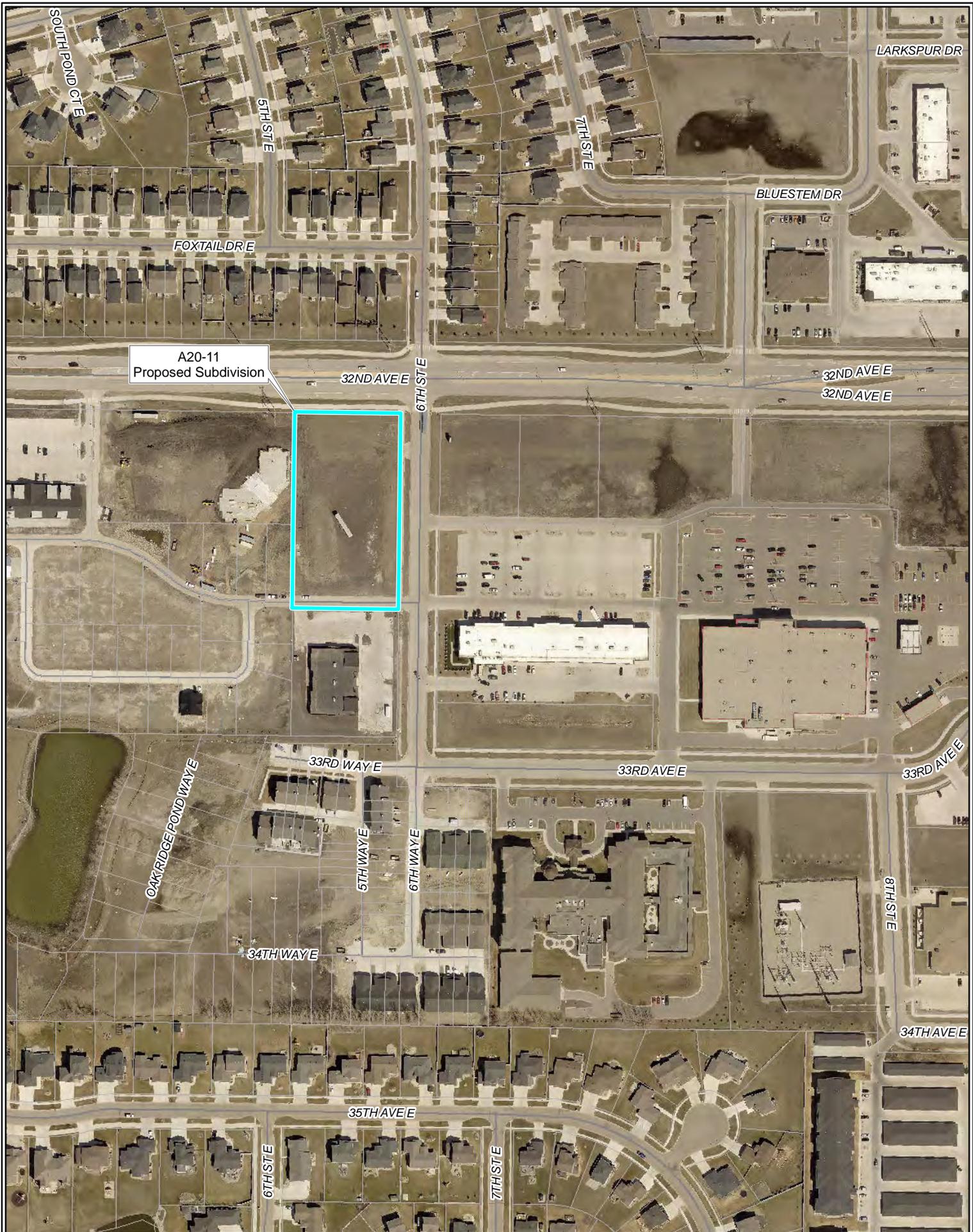
**RECOMMENDATIONS:**

It is recommended that the City approve the proposed application on the basis that it is consistent with City plans and ordinances with recommended conditions of approval as follows:

1. Applicant provide shared access for proposed Lot 1 across Lot 2 to ensure access will be granted should the existing access cause any problems to the operation of 32<sup>nd</sup> Ave E.
2. An updated drainage and utility plan is approved by the City Engineer.
3. An Attorney Title Opinion to the City of West Fargo is received.
4. Signed Final Plat is received with any necessary easements.
5. A certificate is received showing taxes are current.

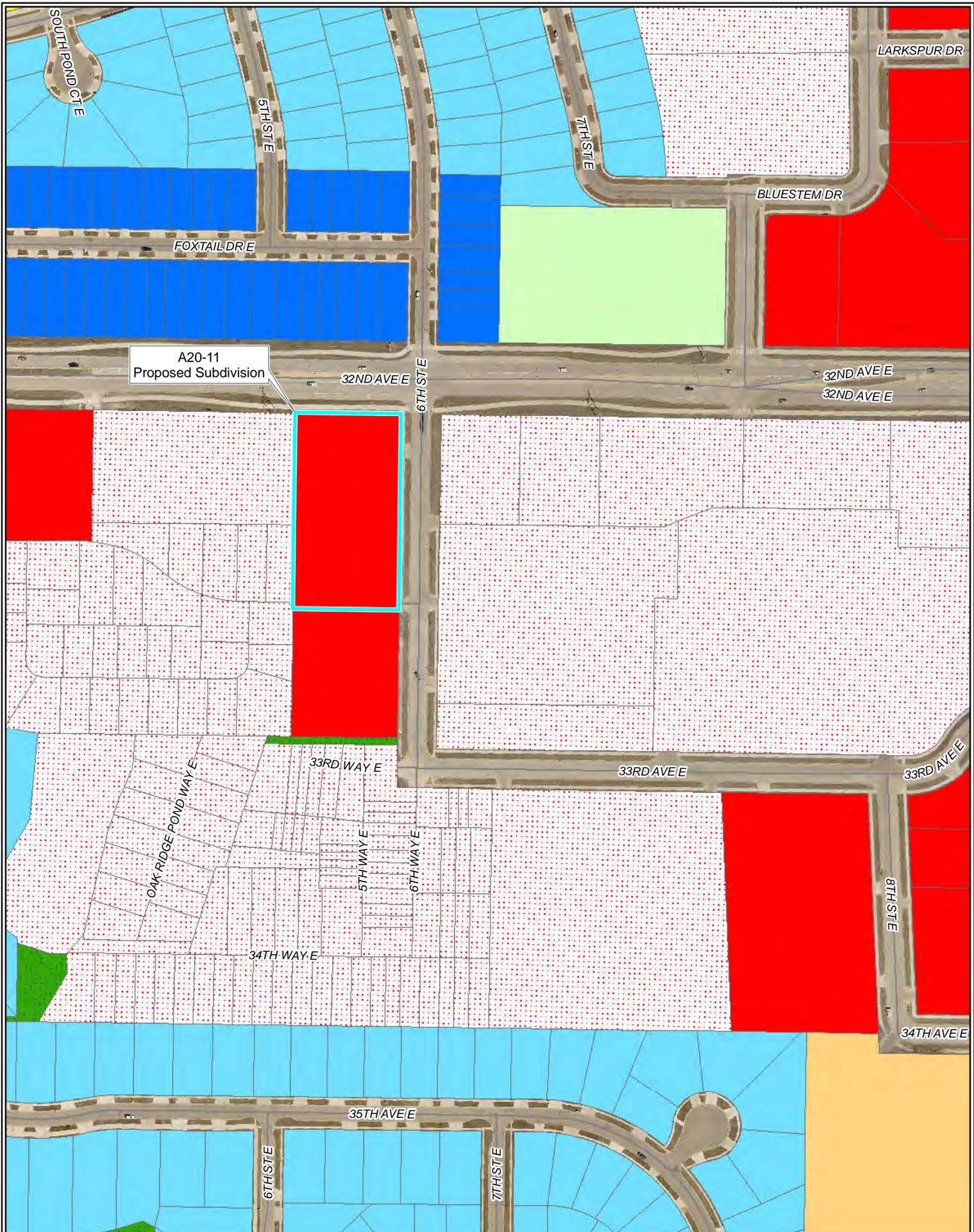
**PLANNING AND ZONING RECOMMENDATION:**

At their April 7, 2020 meeting, the Planning and Zoning Commission recommended approval replat, subject to the five conditions listed above.



A20-11  
Proposed Subdivision





A20-11  
Proposed Subdivision



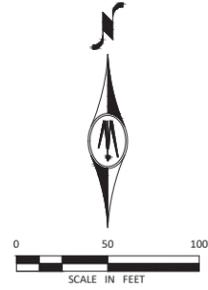
- A: Agricultural
- C: Light Commercial
- C-OP: Commercial Office Park
- HC: Heavy Commercial
- LI: Light Industrial
- M: Heavy Industrial
- P: Public
- R-1: One and Two Family
- R-1A: Single Family
- R-1E: Rural Estate
- R-1S: Special One and Two Family
- R-1SM: Mixed One and Two Family
- R-2: Limited Multiple Dwelling
- R-3: Multiple Dwelling
- R-4: Mobile Home
- R-5: Manufactured Home
- R-L1A: Large Lot Single Family
- R-R: Rural Residential
- PUD: Planned Unit Development
- DMU: Downtown Mixed Use



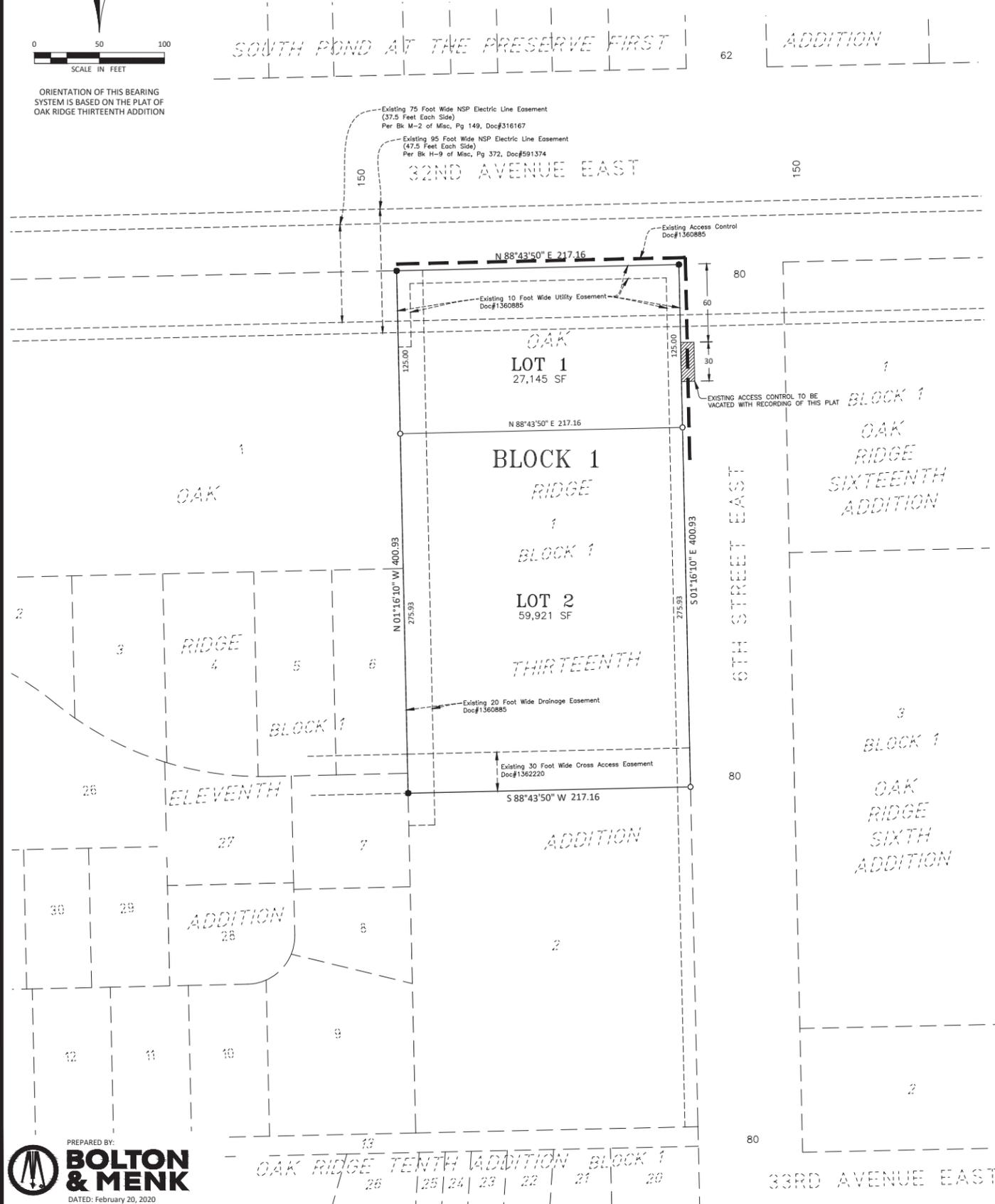
# OAK RIDGE NINETEENTH ADDITION

A REPLAT OF LOT 1, BLOCK 1, OAK RIDGE THIRTEENTH ADDITION  
TO THE CITY OF WEST FARGO, CASS COUNTY, NORTH DAKOTA

LEGEND	
	5/8" x 1/8" REBAR MONUMENT SET CAP LICENSE NO. LS-6703
	MONUMENT FOUND
	SUBJECT PROPERTY LINE
	EXISTING PROPERTY LINE
	EASEMENT LINE
	EXISTING ACCESS CONTROL LINE
	EXISTING ACCESS CONTROL TO BE VACATED



ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE PLAT OF OAK RIDGE THIRTEENTH ADDITION



### OWNERS DESCRIPTION AND DEDICATION

KNOW ALL PERSONS BY THESE PRESENTS, That 412 Properties, LLC a North Dakota Limited Liability Company as owner of a parcel of land located in the Northeast Quarter of Section 29, Township 139 North, Range 49 West of the Fifth Principal Meridian, Cass County, North Dakota and more particularly described as follows:

Lot 1, Block 1, OAK RIDGE THIRTEENTH ADDITION, according to the plat thereof, on file and of record in the Office of the County Recorder, Cass County, North Dakota.

Said parcel contains 87,066 square feet of land, more or less and is subject to all easements, restrictions, reservations and rights of way of record, if any.

Said owner has caused the above described parcel of land to be surveyed and platted as "OAK RIDGE NINETEENTH ADDITION" to the City of West Fargo, Cass County, North Dakota and do hereby vacate the access control as shown on this plat.

OWNER:  
412 PROPERTIES, LLC

By: Tyler A. Brandt, President

State of North Dakota }  
County of Cass } SS

On this \_\_\_\_ day of \_\_\_\_\_, in the year 2020 before me, a notary public within and for said County and State, personally appeared Tyler A. Brandt, President, 412 Properties, LLC, known to me to be the person who is described in and who executed the within instrument, and acknowledged to me that he executed the same on behalf of 412 Properties LLC.

Notary Public

MORTGAGEE: First International Bank & Trust

By: Brian Hagen, East Market President

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } SS

On this \_\_\_\_ day of \_\_\_\_\_, 2020, before me, a notary public within and for said County and State, personally appeared Brian Hagen, East Market President, First International Bank & Trust, known to me to be the person who is described in and who executed the within instrument, and acknowledged to me that he executed the same on behalf of First International Bank & Trust.

Notary Public

### SURVEYOR'S CERTIFICATE AND ACKNOWLEDGEMENT

I, Gregg Stroeing, Registered Professional Land Surveyor under the laws of the State of North Dakota do hereby certify that this plat is a correct representation of the survey, that all distances shown are correct and that the monuments for the guidance of future surveys have been located or placed in the ground as shown and that the outside boundary lines are correctly designated on the plat.

Gregg Stroeing, Professional Land Surveyor  
North Dakota License Number LS-6703

State of North Dakota }  
County of Cass } SS

On this \_\_\_\_ day of \_\_\_\_\_, in the year 2020 before me, a notary public within and for said County and State, personally appeared Gregg Stroeing, known to me to be the person who is described in and who executed the within instrument, and acknowledged to me that he executed the same.

Notary Public

### WEST FARGO CITY ATTORNEY APPROVAL

I do hereby certify that proper evidence of title has been examined by me and I approve the plat as to form and execution this \_\_\_\_ day of \_\_\_\_\_, 2020.

John T. Shockley, City Attorney

State of North Dakota }  
County of Cass } SS

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Notary Public

### CITY ENGINEER'S APPROVAL

This plat in the City of West Fargo is hereby approved this \_\_\_\_ day of \_\_\_\_\_, 2020.

Dustin Scott, City Engineer  
State of North Dakota }  
County of Cass } SS

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State of North Dakota }  
County of Cass } SS

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Notary Public

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Bernie L. Dardis, President of the West Fargo City Commission

Attest:  
Tina Fisk, City Auditor

State of North Dakota }  
County of Cass } SS

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Notary Public



PREPARED BY:

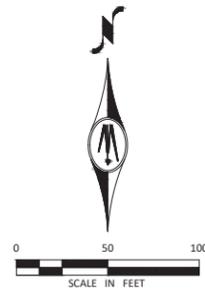
**BOLTON & MENK**

DATED: February 20, 2020

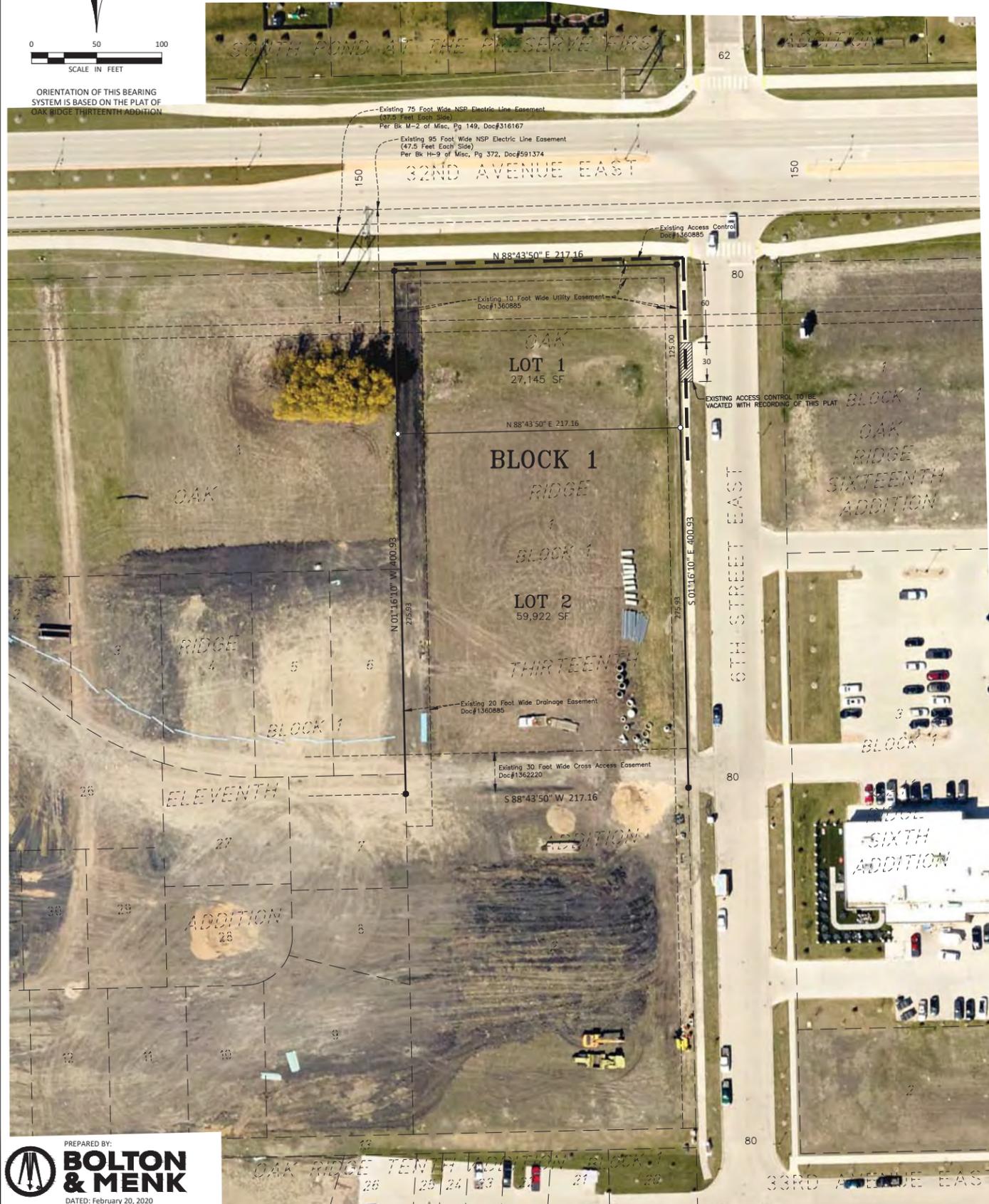
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County of Cass } SS

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North Dakota License Number LS-6703

State of North Dakota }  
County of Cass } SS

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Notary Public

PREPARED BY:  
**BOLTON & MENK**  
DATED: February 20, 2020

*preliminary*



**ENGINEERING DEPARTMENT**

800 4 Ave E, Suite 1  
West Fargo, ND 58078  
701.433.5300  
[www.westfargond.gov](http://www.westfargond.gov)

**AGENDA ITEM REQUEST**  
*BOARD OF CITY COMMISSIONERS*  
*WEST FARGO, NORTH DAKOTA*

<b>OFFICE USE:</b> <b>AGENDA ITEM #</b> <u>    C    </u>
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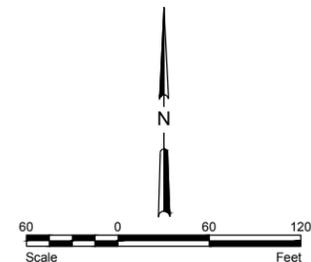
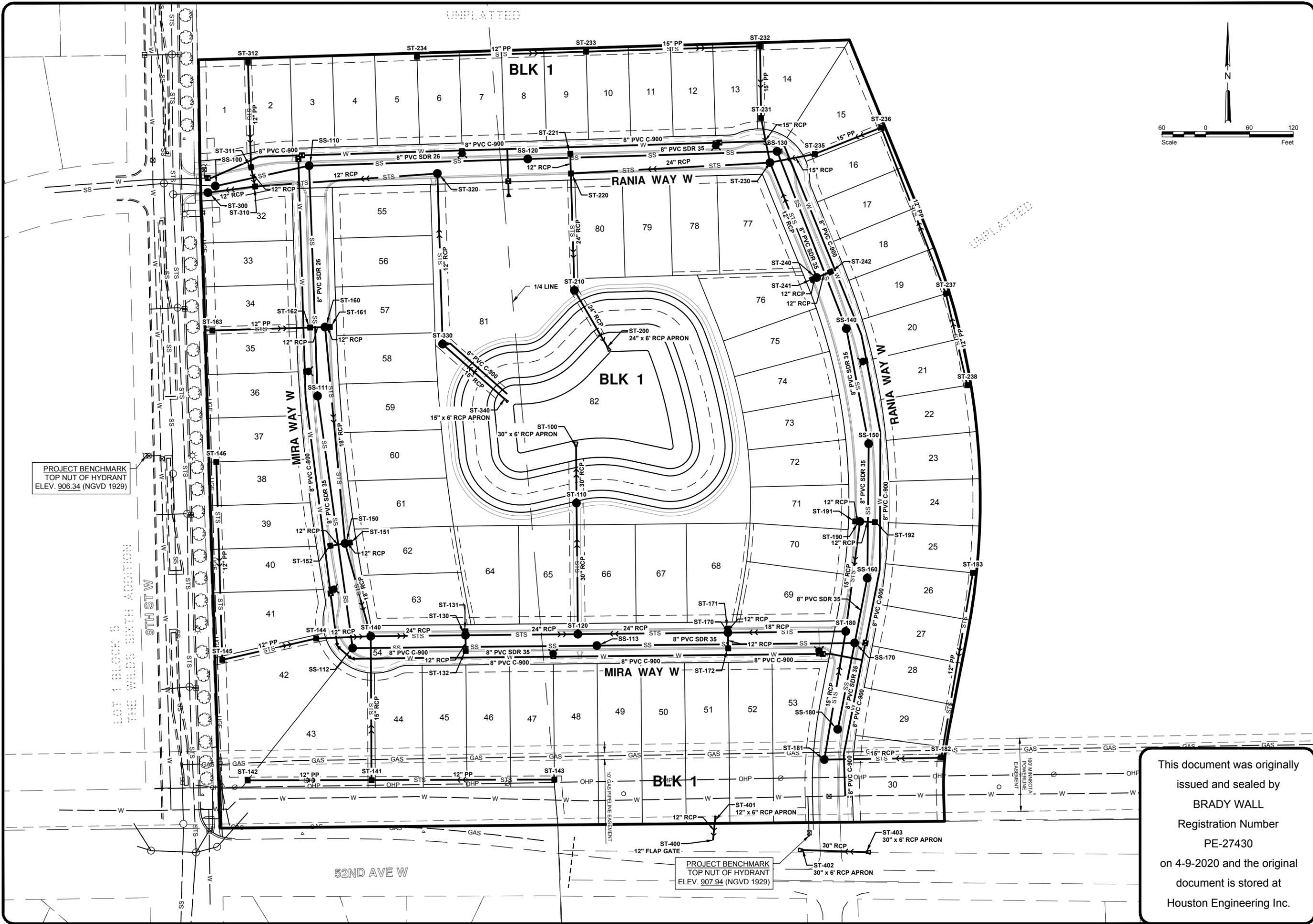
\*\* "Consent" or "Regular" Agenda Item? **[Consent]** \*\*

1. CONTACT PERSON(s):
  - Dustin T. Scott, City Engineer (433-5425)
2. DATE OF MEETING: **April 20, 2020**
3. DESCRIPTION OF REQUEST:
  - Review the attached "Overall Layout" which represents the plans and specifications prepared by Houston Engineering for construction of *Underground Utilities and Pond Improvements - Improvement Project No. 1330*
4. LOCATION (address; legal; etc.):
  - The Ranch at the Wilds Addition (northeast quadrant of intersection of 9th St W and 52nd Ave W)
5. ACTION(S) REQUESTED:
  - Approve Plans and Specifications for construction of *Underground Utilities and Pond Improvements - Improvement Project No. 1330*

**ADDITIONAL INFORMATION:**

- These ("public") improvements will be financed and constructed privately per city standards and as outlined in the Subdivision and Improvement Agreement.
- A complete set of plans and specifications are available at the City Engineer's office.

H:\JBN\6000\6023\6023\_0077\CAD\Plans\Utility Plans\Overall Layout.dwg - OVERALL LAYOUT-4/9/2020 9:35 AM - (bwall)



PROJECT BENCHMARK  
TOP NUT OF HYDRANT  
ELEV. 906.34 (NGVD 1929)

PROJECT BENCHMARK  
TOP NUT OF HYDRANT  
ELEV. 907.94 (NGVD 1929)

THE RANCH AT THE WILDS ADDITION		By
UNDERGROUND UTILITIES AND POND IMPROVEMENTS - IMPROVEMENT PROJECT NO. 1330		Date
WEST FARGO, NORTH DAKOTA		4-9-20
OVERALL LAYOUT		Revision
		No.
		2
		REVIEW COMMENTS/REVISIONS
		BKW



P: 701.237.5065  
F: 701.237.5101

DRAFTED BY  
BKW

REVIEWED BY  
BTP

DATE  
3-20-2020

PROJECT NUMBER  
6023-0077

4

This document was originally issued and sealed by **BRADY WALL** Registration Number **PE-27430** on 4-9-2020 and the original document is stored at **Houston Engineering Inc.**



## City Commission Agenda Item Request

Please Note: The following information must be completed and submitted before noon on the Thursday preceding the City Commission Meeting. Failure to comply may delay action being taken on your request.

Office Use:

**Regular Agenda Item #:**

**Consent Agenda Item #:**

Agenda Item Information:

**Contact Name: \***

Jim Larson

**Phone Number: \***

701-433-5302

**Email Address:**

Jim.Larson@WestFargoND.gov

**Date \***

4/16/2020

**Topic for Consent or Regular Agenda?**

Please select one option:

Consent Agenda

Regular Agenda

**Please Briefly Describe Your Request \***

Review proposals for City of West Fargo audit services for years ending 2019-2021. Request for proposal, proposals and summary of the proposals are attached. Staff recommends EideBailly.

**Site Address or Legal Description (if applicable)**

**Action Being Requested from City Commission \***

Approve auditor for years ending 2019-2021

**Upload Additional Documentation (Optional):**

Audit 2019.Brady Martz.City of West Fargo_04022020.pdf	736.57KB
Audit 2019.Eide Bailly Proposal for City of West Fargo_04022020.pdf	3.14MB
Audit 2019.Widmer Roel.City of West Fargo - Proposal_04022020.pdf	997.02KB
City of West Fargo Audit Services RFP Addendum No 1_03182020.pdf	48.71KB
City of West Fargo Audit Services RFP.pdf	1.81MB
Audit 2019 RFP Summary.pdf	219.45KB

Firm	Annual Fee 2019	Annual Fee 2020	Annual Fee 2021	A133 Audit
Widmer Roel	\$ 40,000	\$ 41,500	\$ 43,000	\$ 3,500
EideBailly	\$ 30,900	\$ 31,800	\$ 32,700	\$ 2,500
Brady Martz	\$ 50,000	\$ 52,000	\$ 54,000	\$ 3,000
State Auditor Office (1)	\$ 28,000	\$ 29,400	\$ 30,870	

(1) The ND State Auditor's office does not submit proposals for audit services. Their estimated costs of providing the annual audit is provided for comparison



# INSPIRED TO KEEP AN EYE ON THE HORIZON

April 2, 2020

**Proposal for Audit Services**

## **CITY OF WEST FARGO**

**Submitted By:**

Eide Bailly LLP  
**Brian Stavenger, CPA**  
Partner

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# Executive Summary

## WE WANT TO WORK WITH YOU.

Thank you for giving Eide Bailly LLP the opportunity to propose on audit services for the City of West Fargo (“City”). We’ve served the government industry for more than 50 years and work with more than 900 government clients throughout the nation. Eide Bailly has deep ties to the Fargo metro area, as our firm’s journey began in Fargo in 1917. Many of our professionals live and work here, providing valuable insight into the City’s operations. Additionally, we worked with the City’s Finance Director, Jim Larson, for more than 20 years at the City of Fargo Park District and are excited about the opportunity to work with him again.

Through serving these clients, our professionals have gained focused expertise regarding government organizations and will provide you with insightful advice that aids in managing the finances of the City. We understand your specific challenges, needs and goals and have fine-tuned our process to create a more effective and efficient engagement.

We stay abreast of current issues impacting government organizations and grow our knowledge by attending workshops and trainings. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. In addition, you will experience partner involvement during all phases of the engagement, as well as throughout the year. At Eide Bailly, we make it a priority to be accessible to our clients, which includes returning phone calls and e-mails in a timely manner.

**Government Experience.** The service team assigned has experience providing audit services to several other similar clients in the government industry. This experience will bring the City a different and unique perspective to your audit not seen by other firms. Not only will we provide the expected compliance and financial statement support but, with our experience with other governments, we can bring best practices to the City. We strongly believe in providing our clients value added services and support, not only during the audit, but throughout the year.

**Value for Fees.** Eide Bailly has established a reputation of providing quality work at a fair price. We acknowledge that we may not be the lowest cost provider; however, our clients understand that our fees encompass far more than just the requested services. Our staff works hard to build a long-term trusting relationship with our clients, one with free year-round communication, invitations to educational events and access to resources that keep you up to date on any accounting announcements, IRS and regulation changes, among other topics of specific interest to the government community. Our clients appreciate this comprehensive approach over a lower fee with additional charges for any involvement beyond the specific service.

**1 EXPERIENCE**  
Our experienced professionals are committed to the industries we serve. We focus on training, and we like to think of ourselves as thought leaders.

**2 PEOPLE**  
We’re a team of collaborators and innovators. Our culture is the heart of our firm, and we’re always working together to do things differently and better.

**3 COMMUNICATIONS**  
Open, honest, frequent communication ensures that you’re not in for any surprises. We’ll stay in touch throughout the year so you feel understood, connected and confident.

**4 CORPORATE RESPONSIBILITY**  
We consider ourselves good corporate citizens—caring for our people, giving back to our communities, and taking care of our environment.

As part of our engagement, we will conduct an executive summary presentation to the City Commission to help the Commission more easily understand the audit process and financial results. Additionally, we will conduct a first-year payroll analysis using data analytics software. The first-year analysis of payroll using Data Analytics is incorporated in our first-year audit procedures at no additional cost to the City. These procedures have proved to be extremely beneficial to cities in helping them more deeply understand the information in their payroll, which is a significant portion of the City's budget each year.

▶▶▶ **Access to Resources.** We pride ourselves on being leaders in the government industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're business advisors who want to help guide the strategy and operations of your City, and make sure you feel connected and understand the process. Our professionals work closely together to provide valuable service from people who understand your needs.

When you work with us, you'll have access to the knowledge and talents of more than 2,500 professionals across our firm. This includes a full spectrum of audit/assurance services and our many specialized services such as training, our relationship with GASB, technology services and forensics.

▶▶▶ **Continuity of Staff.** To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a high retention rate which translates to providing our clients with consistent service teams. We will strive for continuity of staff for your engagement. With this continuity comes quality, as team members' knowledge of your organization grows from year to year.

▶▶▶ **Smooth Transition.** We understand the transition from one professional services firm to another can be the cause of some inconvenience to City management and staff. We understand this concern and realize the decision to change service providers is not one to be taken lightly. Our goal is to make the transition as smooth as possible. We will manage the transition to minimize time demands on your employees and ensure a timely first year audit in accordance with professional standards. Specifically, we spend more time in the planning stages of the audit to understand City accounting and operational processes and to identify any issues during the planning stage and have them resolved before starting the audit.

▶▶▶ **Exceptional Communication.** Communication before, during and after the audit is a hallmark of Eide Bailly's audit process. Our communication style is one of collaboration, where we will work together to find the best solution for the City. This approach has proven beneficial in that it assures the proper communication channels exist while also avoiding last minute surprises that can be frustrating. We view all parties as an important part of the overall process of providing audit services.

The following pages highlight our firm's strengths and demonstrate why Eide Bailly merits serious consideration. Know that you will be a highly valued client. Our people would be proud to work with the City of West Fargo and build a trusting relationship with your team. Please contact me if you would like to discuss any aspect of this proposal.

Sincerely,



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



# EXPERTISE THAT MATTERS

## 1. Company Experience and Qualifications

### a. Current Government Clients

The firm has 275 full-time professionals who participate in our Governmental Services Group. These professionals share information, learn from others and stay up-to-date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the firm.

The governmental industry represents one of Eide Bailly's largest niche areas—with more than 900 governmental clients firmwide. We provide audit services for a variety of cities, counties, colleges and universities, fire relief agencies, housing authorities, school districts, state agencies, and tribal entities. Through serving these clients, our professionals have gained focused expertise in the governmental industry and will provide you with insightful advice that aids in managing the finances of the City.



These services include, but are not limited to, evaluating internal control structure, assessing control risk and performing tests of controls, as well as testing compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

### Government Industry Involvement

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. In addition to helping clients implement new standards, we also help them adapt to changes within the existing standards. Our team members are truly engaged in the governmental industry and are well positioned in organizations associated with governmental entities. We are leaders in the Governmental Accounting Standards Advisory Council (GASAC), the AICPA's Governmental Audit Quality Center, AICPA State and Local Government Expert Panel and Private Companies Practice Section (PCPS) Technical Committee, local and national boards of the Association of Government Accountants (AGA), including the Financial Management Standards Board, and the review committee for the Government Finance Officers Association's (GFOA) Certificate of Excellence for Achievement in Financial Reporting. Due to our leadership positions, the City will have access to information not available from other accounting firms.

Eide Bailly also regularly attends Governmental Accounting Standards Board (GASB) meetings throughout the year and we communicate the results of those meetings to our clients through our newsletters, e-blasts and webinars. We are also involved with GASB's financial reporting reexamination task force shaping the future of state and local governmental accounting and reporting and participate in the reexamination of the revenue and expense model and note disclosure projects with GASB.

### Similar Clients

We provide audit services for a variety of government organizations in the region including:

- City of Fargo Park District, ND
- City of Fargo, ND
- City of Horace, ND
- City of Cohasset, MN
- City of Dilworth, MN
- City of Wadena, MN
- City of Maple Grove, MN
- City of Morris, MN
- City of Glyndon, MN
- City of Graceville, MN
- City of Valley City, ND
- City of Bristol, SD
- City of Britton, SD
- City of Groton, SD
- City of Milbank, SD
- City of Wheaton, MN
- West Fargo Public School
- City of Sioux Falls, SD
- City of Minot, ND
- Blue Earth County, MN
- Pipestone County, MN
- Wabasha County, MN
- City of Dubuque, IA
- City of Bismarck, ND
- City of Dumont, MN
- City of New York Mills, MN
- City of Audubon, MN
- City of Clinton, MN
- City of Sebeka, MN
- City of Fertile, MN
- City of Wolverton, MN

### Implementation of New Standards

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. In addition to helping clients implement new standards, we also help them adapt to changes within the existing standards.

Additionally, several Eide Bailly professionals serve on committees that have input into how new standards are written. This enables us to be involved from the beginning and influence the final outcome. Our clients benefit from our strong understanding of the standards and how they may affect their organization. We will work with the City to create a plan to address new standards one to two years prior to implementation.

The following new standards are set for implementation as indicated below. Note that the GASB began a project to tentatively delay current and pending standards by up to one year, subject to due process. An exposure draft is slated for release within the next few weeks with a short comment period. The GASB has a goal of finalizing the project by late May or early June.

Effective Date - Reporting Periods Beginning After	GASB Statement No.	Statement	Reporting Periods Ending December 31,	Reporting Periods Ending June 30,
12/15/2018	GASB-84	<i>Fiduciary Activities</i>	2019	2020
12/15/2018	GASB-90	<i>Majority Equity Interests</i>	2019	2020
12/15/2019	GASB-87	<i>Leases</i>	2020	2021
12/15/2019	GASB-89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2020	2021
12/15/2020	GASB-91	<i>Conduit Debt Obligations</i>	2021	2022
6/15/2020	GASB 92	<i>Omnibus 2020</i>	2021	2021
<b>Implementation Guides and Updates</b>				
6/15/2019	2019-1	<i>Implementation Guidance Update—2019</i>	2020	2020
12/15/2018	2019-2	<i>Fiduciary Activities</i>	2019	2020
12/15/2019	2019-3	<i>Leases</i>	2020	2021
<b>Proposed GASB Pronouncements (if approved as drafted)</b>				
12/15/2020		<i>Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32</i>	ON HOLD	ON HOLD
6/15/2020		<i>Replacement for Interbank Offered Rates</i>	2021	2021
6/15/2020, 12/15/2020		<i>Implementation Guide Update - 2020</i>	2021	2021
6/15/2021		<i>Subscription-Based Information Technology Arrangements</i>	2022	2022
6/15/2021		<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2022	2022

### Thought Leadership

A number of partners at Eide Bailly are nationally recognized state and local government thought leaders who present at dozens of national venues throughout the year. These include: GFOA; National Association of State Auditors, Comptrollers, and Treasurers; California Society of CPAs; California Society of Municipal Finance Officers; Oregon Government Finance Officers Association; the California State Association of County Retirement Systems; the California Association of Public Retirement Systems; AGA National Professional Development Conference; National Association of Housing and Redevelopment Officials (NAHRO); Iowa Society of CPAs; Idaho Society of CPAs; Utah Society of CPAs; and Colorado GFOA.

We also provide training for state and local agencies. Some of these agencies include Controllers’ offices of the State of Tennessee, Texas State Auditor, State of Montana, Commonwealth of Massachusetts and the State of Nevada.

Furthermore, Eric Berman, Partner, is the author for the entire Governmental Library for Commerce Clearinghouse Wolters Kluwer (CCH). This library serves as the interpretative reference on governmental GAAP, governmental best practices and governmental audits for governments, auditors and educators nationwide. Eric will be an additional resource for the City and available to assist or consult as needed.

**Online Publications** – The City will also have access to resources on our Eide Bailly Government Industry website. We publish articles related to hot issues within the government accounting arena. Below is a list of some of the recent articles posted to our website, as well sent as an email to all of our clients:

- Common Single Audit Findings and Remediation Series: Matching, Level of Effort, and Earmarking.
- Is Your Government Ready for This Fiscal Year-End and Beyond?
- Dispatches from GASB’s Meetings.
- Cybersecurity: Not Just an “IT” Issue.
- Create an Internal Audit with More Value.

**Webinars** - We host frequent webinars dedicated to helping you and your organization navigate complex issues. Each webinar will cover a different topic to help evaluate the steps necessary to achieve success and remain ahead of the curve.



**COVID-19 State and Local Government Town Hall**

***April 16 | 12 – 1:30 p.m. CST | Webinar***

Eide Bailly professionals will address the impact of COVID-19 on payroll to grant funded employees and federal awards in general, as well as what should governments take into account in preparing budgets this spring and summer in terms of cash flow projections, taxation and other assumptions. Additional topics will include potential cybersecurity issues due to COVID-19 with personnel working remotely; how 2020 audits be accomplished; and if the GASB provide relief on standards being implemented.



**Omnibus and Gearing Up for June 30th**

***May 27 | 12 – 1:30 p.m. CST | Webinar***

Hear the elements of GASB's Omnibus statement and what practitioners need to prioritize for June 30th year ends.



**Special GASB Update - Note Disclosure Framework**

***Recorded Webinar***

This presentation provides an overview of the GASB's proposed framework related to Note Disclosure.



**Using Data Analytics to Unlock the Value of Your Data**

***Recorded Webinar***

We will explore the use of Business Intelligence tools (Power BI) to mine internal systems for critical operational performance information. The goal of this presentation will be to provide attendees with insights into how define and gain better / more timely access to operational performance metrics. We will demonstrate the use of Business Intelligence tools through live system demonstrations. Attendees will leave the session with knowledge on how data “trapped” in their internal systems can be accessed and integrated to reduce risk by providing more timely insights into operational risks.



Visit our website to sign up for our newsletters, e-blasts and webinars: [www.eidebailly.com/insights](http://www.eidebailly.com/insights)

# WHAT INSPIRES YOU, INSPIRES US.

With more than 100 years of service, your experience will be different than working with other CPA firms. Our professionals deliver industry and subject matter expertise resourcefully, ensuring that we're providing guidance that directly reflects your needs.

Eide Bailly is a Top 25 CPA firm in the nation with offices in 14 states. Our clients benefit from local, personal service and, at the same time, enjoy access to more than 2,500 professionals with diverse skill sets and experiences.

We pride ourselves on being leaders in the industries we serve, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're here to help guide the strategy and operations of your organization, and we aim to make sure our clients feel connected and understand the process.

Our people are optimistic and good-natured—we know you'll enjoy working with us as much as we enjoy working with each other. Our service style is hands-on, and we're always looking for new ways to solve your problems or help you embrace opportunities.

## Our Promise to Clients

Our work with clients is more than an engagement. It's a relationship, built on value and trust—and results. When working with Eide Bailly, you will:

- Work with professionals who truly care about your business and will take the time to get to know you and your organization.
- Gain insight from our industry and service specialists to accomplish your objectives, address challenges and leverage new opportunities.
- Make better business decisions knowing you are guided by trusted advisors who care about your success.

## b. Federal Single Audit Experience

Eide Bailly has experience providing single audits related to federal expenditures which ensure our clients remain compliant. Our single audits include an audit of both the financial statements and the federal awards. We also assist in the preparation of the data collection form and prepare the reporting package for submission to the federal audit clearinghouse.

As mentioned before, Eide Bailly audits more than \$9.5 billion in federal expenditures, which provides us with extensive experience in single audits. Not only are we on the forefront of new regulations, but because of our vast experience with governmental entities, we have familiarity with a wide variety of federal programs. As the City looks to expand its current federal programs, we can pull from our expansive database of federal programs that we have audited and provide consultation on what has worked effectively for other entities. This will help the City establish strong controls and processes over new federal programs rather than trying to rework controls and processes after the program are established.

## AT A GLANCE



top 25 CPA firm in the nation



offices in 14 states



325+ partners



2,500+ staff



one Eide Bailly

Our single audit experience includes the Department of Education, Department of Housing and Urban Development, Department of Agriculture, Department of Commerce, Department of Interior, Department of Transportation, Department of Justice, Department of Labor, Department of the Treasury, Department of Health and Human Services, Homeland Security, National Foundation on the Arts and the Humanities, Environmental Protection Agency, Department of Energy, Office of the National Drug Control Policy, Department of Defense, and the Bureau of Land Management.

Paired with our many years of experience, we are qualified to effectively work with your organization to ensure that federal requirements are met if it becomes necessary or required.

### c. Government CPE Hours

## CONTINUING EDUCATION

Because we are committed to the industries we serve, we provide our professionals with specific, ongoing training. This investment ensures our people stay current on the unique challenges and opportunities within the industry sectors so that they are in the best position to help clients address these issues.

Firmwide, our continuing professional education (CPE) program requires all professional staff obtain education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and where applicable, *Government Auditing Standards*. The firm places a strong emphasis on lifelong learning and recognizes the importance of developing our professionals to best serve our clients. This past year we provided our client service professionals with an average of 46 hours of professional education, compared with the 40-hour accounting industry requirement. In addition, we regularly share information among the audit teams in different offices to ensure we are providing clients with the latest thinking and best possible solutions.



**CPE HOURS**  
**Eide Bailly FY 2019**

INDUSTRY STANDARD: 40

Our governmental professionals obtain CPE through the following means:

- Government-specific seminars sponsored by the AICPA and Government Audit Quality Center (GAQC).
- Seminars sponsored by the Government Finance Officers Association.
- Involvement with local chapters of the GFOA (we teach and attend GFOA conferences, regularly).
- Eide Bailly seminars specific to governmental issues which are taught by our experienced managers and partners.

By expanding our knowledge of issues important to government organizations, we are able to provide more in-depth, knowledgeable solutions to our clients. Additional communications, webinars and training are provided throughout the year on a variety of topics important to state and local governments.

#### **d. Ability to Complete Audit by August 31, 2020 and June 30 in Following Years**

**We will meet your deadlines.** By engaging in thorough audit planning and communications with management, we begin each engagement with a strong understanding of the various deadlines for each of the financial and single audits and the steps involved along the way to meet these deadlines. An audit project plan will be developed between our team and the City and then followed closely, and we will work with the City's management team to customize our auditing services and specific timelines to your needs. We believe in clear, up-front and open communication with no surprises.

#### **e. Ability to Present Findings at City Council Meeting in August 2020**

We understand your requested timeline and confirm we are prepared to present findings at the City Commission meeting in August 2020. Our presentation will include an executive summary to help that helps the Commission more easily understand the audit process and financial results.

#### **f. Peer Review**

Eide Bailly is a member of the American Institute of Certified Public Accountants Private Companies Practice Section (PCPS), Center for Public Company Audit Firms (CPCAF) and Governmental Audit Quality Center. Our membership with the AICPA requires a third-party peer review of our audit and accounting practice every three years and is included in **Appendix B**. This review included several similar clients and received a rating of 'Pass'.

We are also currently registered with the Public Company Accounting Oversight Board (PCAOB), for which the portion of our practice related to PCAOB/SEC engagements is subject to an inspection of the PCAOB at least once every three years. A copy of our most recent PCAOB inspection report can be found on the PCAOB website at [www.pcaobus.org](http://www.pcaobus.org).



# A COLLABORATIVE APPROACH

## 2. Key Personnel and Resources Available

### AN EXPERIENCED TEAM

We're passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the governmental industry.

**Brian Stavenger** will lead the engagement team and serve as the Audit Engagement Partner; **Derek Flanagan** will serve as the Quality Review Partner, with **Sara Kurtz** serving as Technical Review Partner. **Eric Berman** will serve as a Consulting Partner. **Luke Evenson** will serve as Senior Manager, with **Courtney Richman** serving as Manager, **John Hagen** serving as Senior Associate and **Sally Sterk** as the Report Preparer. These professionals are licensed to practice public accounting and bring strong credentials and a desire to work with the City. If awarded these engagements, these individuals will serve as your primary contacts. Additional resources will support the project team as necessary.

Because we are committed to the government industry, we provide our professionals, as well as our clients, with specific, ongoing training related to governmental issues. This investment ensures not only our people, but the public sector in general stays current on the unique challenges and opportunities that are present so that as many people as possible are in the best position to address these issues.

#### Senior Associate and Staff Members

All of our seniors have more than two years of experience in public accounting, with several who specialize in the government industry. We require Yellow Book compliance for all members of our assurance staff. This means no fewer than 24 hours of specific Government Education courses each two-years. Most members of our audit staff significantly exceed that amount.

Once an agreeable timeline has been determined, we will assign a few of our talented seniors and staff to your engagement.

#### Affirmative Action

Eide Bailly adheres to the principles of Affirmative Action through our daily human resources and business operations practices. All members of Eide Bailly operate within the Affirmative Action guidelines and value its objectives.

## Service Team

We know the importance of a strong business relationship, so we keep staffing changes to a minimum year-to-year. Eide Bailly has a high retention rate, allowing us to provide stability. Your service team has extensive experience in the governmental industry. You'll find profiles for each team member in

**Appendix A.** The following information will provide an overview of your service team:



### **Brian Stavenger, CPA**

#### **ENGAGEMENT / AUDIT PARTNER**

Brian will serve as the Engagement and Audit Partner. He has more than 19 years in public accounting with experience and dedicates approximately 85% of his time to governmental audits throughout the year. A firmwide resource on the government industry, Brian creates and facilitates government trainings for the firm. He is a member of the GFOA Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program. Brian holds the Certified Public Accountant (CPA) designation and will lead the team from the local Fargo, ND office.



### **Derek Flanagan, CPA**

#### **QUALITY REVIEW PARTNER**

Derek will serve as the Quality Review Partner. He has more than 14 years in public accounting providing audit, consulting and accounting services to a variety of industries with a primary focus in the government industry. He also serves as an instructor of firmwide governmental training and is a member of the GFOA Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program. Derek holds the CPA designation and is located in our Fargo, ND office.



### **Sara Kurtz, CPA**

#### **TECHNICAL REVIEW PARTNER**

Sara will serve as the Technical Review Partner. She has more than 14 years of audit experience and has worked with the government and nonprofit industries throughout her career. She provides technical and accounting expertise for governmental clients that need to understand the professional accounting standards they must adhere to in order to issue generally accepted accounting principles (GAAP) financial statements. She is a member of the AICPA, the Governmental Issues Committee for the Colorado Society of CPAs, the GFOA Special Review Committee and the Colorado GFOA. Additionally, she is the chair of the firm's Government Technical Issues Committee and presents on single audit and other government topics for both Colorado GFOA and the Colorado Society of CPAs. Sara also reviews six CAFRs a year for GFOA as a member of its Special Review Committee.



### **Eric Berman, CPA**

#### **CONSULTING PARTNER**

Eric brings more than 28 years of public accounting experience and is unique in the fact he not only possesses nationally recognized audit experience, but also preparer, educator and authorship experience. His experience includes acting as the Deputy Comptroller for the Commonwealth of Massachusetts, where he ran the State's audit for 11 years. He was also the Chief Financial Officer of the Massachusetts Water Pollution Abatement Trust and served as Vice Chairman on the Government Accounting Standards Advisory Council to GASB. Eric is a nationally recognized expert on public employee

retirement systems, OPEB, derivatives, the single audit, governance and other important topics. He is also the author of the entire governmental library of reference information and audit programs for CCH Wolters Kluwer. His experience with states includes leadership positions with the National Association of State Auditors, Comptrollers and Treasurers. He has provided consulting expertise nationwide on a number of complex topics facing cities, states, counties and special districts.



**Luke Evenson, CPA**  
**AUDIT SENIOR MANAGER**

Luke will serve as the Senior Manager and will be responsible for coordinating all services and helping to ensure the timely delivery of quality services. He has more than seven years in public accounting with experience planning and performing audit and single audit services to cities, school districts, tribes, and tribal gaming entities. He holds the CPA designation and is located in our Fargo, ND office.



**Courtney Richman, CPA**  
**AUDIT MANAGER**

Courtney will serve as the audit manager on your engagement. She has more than six years of public accounting experience, providing audit and accounting services to clients in a variety of industries including utilities and governmental. Courtney holds the CPA designation and is located in our Fargo, ND office.



**John Hagen, CPA**  
**IN-CHARGE / AUDIT SENIOR ASSOCIATE**

John Hagen will serve as the In-Charge and will also be responsible for coordinating and ensuring the timely delivery of quality services. He has nearly four years of experience in public accounting, performing audit services to a variety of industries, including government, throughout his career. John holds the CPA designation and is located in our Fargo, ND office.



**Sally Sterk, CPA**  
**AUDIT REPORT WRITER**

Sally works with the audit team to transform the client's trial balance into governmental financial statements, complete with all required GASB disclosures. She prepares a brief, easy-to-understand executive summary perfect for presentations. Sally has more than 10 years of experience; she holds the CPA designation and is located in our Fargo, ND office.

## **Staff Continuity**

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a high retention rate which translates to providing our clients with consistent service teams. We will strive for continuity of staff for your engagement. With this continuity comes quality, as team members' knowledge of your organization grows from year to year.

Should the need arise to change any of the key engagement personnel, we will notify you in writing and provide the qualifications of the proposed replacement. Upon your approval, new engagement personnel will join your service team.



## 3. Project Understanding

### a. Workplan and Understanding of Work

#### Professional Services Requested

Based on the issued RFP and prior conversations with the City, we understand your needs as outlined below:

- Financial statement audit services for the year-end December 31, 2019, 2020 and 2021.

#### Commitment to the City

We welcome the opportunity to be your professional services firm and commit to providing the services listed above. In addition, we will:

- Provide ongoing help for questions, concerns and problems that arise whether they are anticipated or unexpected.
- Provide **Brian Stavenger** as your specific client service contact who will coordinate your service team and provide managers and staff to assist management with informed and accurate solutions.
- Provide experienced professionals who possess the depth and expertise to handle significant or complicated issues.

When you work with Eide Bailly, your experience will be different than working with other CPA firms. Our professionals are thought leaders who strive to become your trusted business advisors by delivering insightful advice and industry knowledge.

# AUDIT METHODOLOGY

At Eide Bailly, we promise you a better overall experience. While we recognize that multiple firms are capable of accomplishing the objectives of an audit, Eide Bailly appreciates that every situation and every organization is different, and we tailor our approach based on the needs of each client.

Eide Bailly values its business relationships and demonstrates this through our partner and manager involvement. Our senior level professionals are involved with our clients and accessible throughout the year. They do not delegate all tasks to staff, but rather stay involved onsite during fieldwork as well as stay connected throughout the year. This approach delivers the greatest benefit to our clients in that we are able to stay abreast of changes in and updates to our client's operating environment and partner with them to achieve optimal results.

Our clients experience a communication approach that stands apart in both style and frequency. Because we recognize that effective communication is critical throughout the entire audit process, our service approach is one where communication begins with planning and continues throughout the year. Additionally, we take a collaborative communication approach with our clients and include them in the process as our peers. Our clients offer a wealth of knowledge and information about their organization and communicating with them as a business partner ultimately produces the best outcome.

Prior to beginning the engagement, we will discuss with management:

- The engagement timeline.
- The audit approach and process.
- Additional considerations that may affect scope, schedules and work papers to be prepared by your personnel.

Upon appointment as your auditor, we will discuss the audit schedules and work with you to ensure the timeline meets your needs and makes the most effective use of your staff members' time.

## **Audit Schedule**

We understand your requested timeline and are committed to meeting your deadlines.

Eide Bailly commits to you that if your team is prepared for the audit when our team is in the field, we will meet your deadlines. We will work closely with your team through the planning stages to clearly define expectations and the items required from your team in order to facilitate an efficient audit to enable us to meet your deadline.

The following table identifies the structure of our audit for City reports and the timing of each section.

**Engagement Timeline**

Activity	Timing
Planning	December
Interim Fieldwork	January
Fieldwork	July for the 2019 audit; April thereafter
Exit Conference	July for the 2019 audit; April thereafter
Reporting	September for the 2019 audit; August thereafter
<b>Ongoing Communication</b>	<b>Throughout the year</b>

We will meet your deadlines. By engaging in thorough audit planning and communications with management, we begin each engagement with a strong understanding of the various deadlines for each of the financial and single audits and the steps involved along the way to meet these deadlines. An audit project plan will be developed between our team and the City and then followed closely, and we will work with the City’s management team to customize our auditing services and specific timelines to your needs. We believe in clear, up-front and open communication with no surprises.

**Audit Process**

Our audit approach is designed to collaborate with the City and achieve optimal results. The approach consists of five major components: Planning, Interim, Fieldwork, Reporting, and Ongoing Communication. If awarded, we will discuss with management our proposed schedule but have the flexibility to make any changes in order to meet the reporting deadlines. The objectives of each component are described in the following pages.

**Planning**

- Discuss and finalize the engagement timeline, audit approach and process.
- Discussions with management and accounting staff, including the Commission, if requested, to address any risks or concerns that they may have.
- Evaluate the nature of the operating environment (for example, changes in volume, degree of system and reporting centralization, sensitivity of processed data, the impact on critical business processes, potential financial impacts, planning conversions, and economic and regulatory environment).
- Review of interim financial information and reports to identify significant risks and changes early.
- Review of significant estimate areas and consideration of underlying assumptions early in process.
- Gain an understanding of the City and its reporting units and their environments.
- Documentation of internal control systems, including IT, and related changes from prior periods.
- Consideration of fraud, risk of noncompliance, illegal acts, abuse, etc.
- Assessment of audit risk and identification of potential audit issues.
- Assessment of materiality and testing scopes to the extent possible and presentation of audit plan.
- Preparation and communication of audit request lists and work papers.
- Development expectations regarding timing and audit progress.

- Gain understanding of single audit programs and perform an analysis of potential major federal programs, if applicable.

### **Interim Fieldwork – Financial Statement**

- Discussions with management to determine internal controls, perform walk-throughs and discuss any potential audit issues.
- Determine audit procedures by area, based on results of audit planning and risk assessment.
- Determine confirmation needs.
- Prepare listing of audit information requested from the City.
- Review minutes, resolutions and ordinances.
- Perform tests of legal compliance.
- Weekly updates to City staff.
- Exit conference with management.

### **Final Fieldwork**

- Audit areas based on risk assessment.
- Obtain and prepare schedules and analyses supporting the financial information.
- Discuss findings with management, if any.
- Discuss proposed journal entries with management, if any.
- Finalize single audit testing.
- Weekly updates to City staff.
- Exit conference with management.

### **Reporting**

- Review of the financial statements by the partner over the engagement
- Review of financial statements by a partner not otherwise associated with the audit to obtain a “second opinion” on the completeness and adequacy of financial statement disclosures and audit procedures.
- Completion of management letters and review with management.
- Preparation of other communications to management and Commission.
- Presentation to the Commission at its regularly scheduled meeting using our executive summary presentation format detailing the audit process and financial results.

### **Ongoing Communication**

- Obtain interim financial statements throughout the year for review.
- Analyze significant changes and identify areas to further tailor our audit plans and to keep us up-to-date with continuing changes.
- Compare the interim results to year-end results for the past few years to identify potential issues in the financial reporting process.
- Participate periodically at your Commission meetings, and any other meetings, at the Commission’s request.

## Using Information Technology Auditors

As part of any financial audit, Eide Bailly is required under auditing standards to obtain a sufficient understanding of the accounting system and technology environment in order to plan the audit. It is our philosophy to not only meet but also exceed this requirement by involving Eide Bailly's dedicated technology specialists to participate in audits as deemed appropriate.

Our IT methodology is based on American Institute of Certified Public Accountants (AICPA) guidelines, the internal controls framework prescribed by Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the best practices for technology controls as defined by the Control Objectives for Information and Related Technology (COBIT) developed by the Information Systems Audit and Controls Association (ISACA). When auditing the technology environment, we evaluate both the general technology controls and specific application controls that are in effect. This requires our IT auditors to consider how the accounting systems, infrastructure, processes and people work individually and together to ensure that financial records are being appropriately processed and reported.

As such, we must work with IT staff to assess how the relevant systems and technology environment are administered and supported, and with accounting staff to evaluate how financial data is processed and system controls are maintained to enforce segregation of duties.

Eide Bailly has extensive experience integrating a variety of IT services into our audit engagements across organizations in the public, private and nonprofit sectors. These experiences include auditing of IT operations, security and software development as well as conducting both internal and external network vulnerability tests. In addition, we have former federal and local law enforcement computer forensic specialists that utilize the latest tools to analyze and investigate digital media for a wide range of purposes.

We have seasoned professionals with years of relevant technology experience, many of whom carry a myriad of certifications, including the following designations:

- Certified Information Systems Auditor ("CISA").
- Certified in Risk and Information Systems Control ("CRISC").
- Certified Information System Security Professional ("CISSP").
- Certified Information System Manager ("CISM").
- Certified Financial Systems Auditor ("CFSA").
- Certified Ethical Hacker ("CEH").
- Certified Public Accountant ("CPA").
- Certified Common Security Framework Practitioner ("CCSFP").
- GIAC Security Essentials Certification ("GSEC").
- Certified Internal Auditor ("CIA").
- Certified Government Audit Professional ("CGAP").
- Certified Risk Management Assurance ("CRMA").
- Certified Information Technology Professional ("CITP").
- Certified Penetration Testing Engineer ("CPTe").

Our experience with audits of various entities requires adherence to various standards surrounding internal controls including the COSO Framework, generally accepted government auditing standards (GAGAS) and Federal Information System Controls Audit Manual (FISCAM). We work with all our clients to help them understand the updated COSO framework. We have conducted training on COSO and risk assessments nationwide and believe we will add value and improve the effectiveness of the risk management, control and governance processes.

## Use of Technology

Eide Bailly staff utilizes progressive and effective software to streamline processes and make them as efficient as possible. These technologies include:

### **EB Connect (Client Portal)**

The Eide Bailly Client Portal is the standard for delivering electronic documents in a secure manner to and from our clients. Email is not a secure means of exchanging documents and our client portal can handle much larger files than email.

Clients know their confidential information is secure and safe and appreciate the improved organization, documentation and communication by using the Client Portal. Many efficiencies are created by leveraging technology and sharing information and knowledge on the Client Portal and result in reducing the amount of time needed on site during an engagement.

Eide Bailly performs all engagements in a paperless environment. By utilizing paperless processes, we are able to bring experts from across our firm into every engagement. What this means to you – better service, timely reporting and cost-effective solutions.

### **Data Extraction Software**

Eide Bailly designs our approach to incorporate the use of TeamMate Analytics--to maximize efficiency while conducting a very effective audit. Through TeamMate, we can extract information from related databases and create databases that check for duplicate payments, summarize payments, and extract journal entries from specific accounts, develop expectations for analytical procedures and recalculate system calculations among a host of other procedures that are developed by our audit team.

### **Other Tools**

- **Accounting Research Manager (ARM)** – Internet access of all accounting and auditing standards. Areas include GASB, FASB, AICPA, PCAOB and other resource material. We can access this material at any given time and can provide a quick response to any technical question you may have.
- **CCH ProSystem fx Engagement by Wolters Kluwer** – Software to facilitate the audit, retains the electronic workpapers and supporting documentation, performs project tracking, and facilitates quality review.

### **Supervisory Review and Quality Control Procedures**

All of our documents have levels of review. The various levels are determined by our risk assessment during the planning stages of the audit. Typically, a review will include the following:

- **Seniors** will review all work performed by staff.
- **Managers** will review work performed by seniors as well as review key significant areas that was prepared by staff and reviewed by the senior. Some of these areas include accounts receivable, investments, capital assets, long term debt and pension liabilities, other liabilities, net position classification and single audits.
- **Partners** will review areas that are deemed high from a risk perspective as well as the single audit.

- **Technical review** will review the report for proper and technical aspects making sure everything is report properly. As a firm, we require all single audits and reporting to be reviewed by another partner with specific government experience.

We will hold an exit conference with management and provide periodic written or oral reports on the status of the audit to representatives of the City. The success of the audit is dependent on the amount of open communication throughout the year and not just during the audit period. We will work closely with management and the accounting personnel throughout the audit process and will hold weekly meetings to go over open items as well as discuss any potential accounting or compliance issues identified during the audit. We believe in no surprises. When we perform the exit conference, we will hold a final discussion on any potential findings and will come to a conclusion during the conference. Our goal is to have no additional findings subsequent to the exit conference.

### **Analytical Procedures**

Eide Bailly will apply analytical procedures throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will be applied to assist in planning the nature, timing and extent of other procedures. They will be applied to all balance sheet, revenue/receipt and expense/expenditure areas. These procedures include, but are not limited to, the comparison of current year to prior year and budget amounts. Areas that show results different from those anticipated or planned will be further investigated to determine the validity of the variance.

During the year-end audit fieldwork, we use analytical procedures to test whether errors affecting account balances or classes of transactions have occurred by comparing the recorded amount with an independently developed expectation of that amount. We develop the expectation in such a way that a significant difference between the expectation and the recorded amount is indicative of a financial statement misstatement, unless we can obtain and corroborate explanations for the difference. Analytical procedures are a natural extension of our understanding of your business because the key factors that influence your business may be expected to affect the financial data.

In the audit reporting phase, we perform a final analytical review at the financial statement level as the last step to ensure that we have gained a comprehensive understanding of the financial statements during the audit engagement and to determine whether the financial statements are appropriately presented and contain appropriate disclosures. Such final analytical procedures highlight and explain significant changes from the previous year and ensure that such changes are consistent with the knowledge of your business and our audit evidence. These procedures typically consider trends based on several previous years instead of comparison only with the prior period.

### **Internal Control Structure**

A significant aspect of the planning process involves understanding each reporting units' internal control environment, including information technology (IT) controls and, where relevant, testing of internal controls.

The following is a summary of the process Eide Bailly uses regarding internal controls over financial reporting and compliance:

### ***Internal Controls over Financial Reporting***

Our approach will start with any documentation related to internal controls that have already been developed. We review that documentation to obtain an overview of the internal control system and then conduct interviews with the City's staff to complete the documentation of our understanding related to internal controls and significant changes each year.

After conducting the interviews, we will evaluate the internal control system design and expected operating effectiveness for significant areas depending on the reporting unit. We expect that by completing control testing in these areas, it will allow us to reduce substantive testing and conduct an efficient audit. Our approach toward control testing will be focused on key process controls or overall system controls, rather than detailed control process testing. We will also focus on key IT related controls in process areas such as revenue, payroll and claims, as they tend to allow more efficiency for an audit perspective relative to the control process.

Eide Bailly utilizes a risk-based approach incorporating both control testing and substantive tests of balances, where appropriate. In certain areas that we do not consider as significant, we will plan to conduct the audit using a primarily substantive approach. It has been our experience that it is often more efficient and effective to substantively audit a balance rather than complete an extensive control test.

The timely completion of this work will assist us in performing our work efficiently and communicate any potential recommendations as soon as possible.

In addition, our engagement approach is based on the following:

- Observations we believe will help the City achieve its objectives will be shared. We will also be pleased to respond to inquiries you may have about financial or other business matters.
- The assistance to be provided by your personnel, including the preparation of schedules and analyses of accounts, will be discussed with the finance department. The timely completion of this work will assist us in performing our work efficiently.

### **Statistical Sampling**

Sampling may be performed for tests of controls, compliance testing and substantive tests of certain accounts and transactions. During our audit of basic financial statements, we will also select various transactions for testing based on materiality assessed at the appropriate level. These transactions may include such items as capital asset additions, expenditures, subsequent disbursements and subsequent receipts. We will be pleased to discuss specific sample sizes and selection methods when they are determined, either during audit planning or during fieldwork.

We will select the appropriate sample size to support our conclusions in compliance with laws and regulations. We will use confirmations in the areas of cash and investments, receivables and other areas deemed necessary.

### **Determining Laws and Regulations Subject to Audit Test Work**

During the planning process, we will also discuss with City management and personnel the laws and regulations to which the City is subject. The objective of our discussion will be to determine those laws and regulations that could have a material impact on the financial statements and those laws and regulations pertinent to the City's federal financial assistance programs. Pertinent to our discussion will be our knowledge of such laws and regulations, and our knowledge of *Government Auditing Standards*.

We are aware of the applicable requirements and consider them when determining the necessary audit procedures for the City.

We will perform tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. We will assess the risk of material misstatement resulting from violations of laws and regulations having a direct and material effect on the determination of financial statement amounts. These laws and regulations can relate to items such as budgetary compliance, purchasing compliance and cash and investment compliance, as well as single audit compliance, as applicable.

We will combine compliance tests of laws and regulations that involve the inspection of documentation supporting transactions with substantive tests of transactions and tests of control procedures. Our audit will meet all federal and state requirements, as applicable. Samples will be used to the extent necessary to support our conclusions on compliance with laws and regulations.

### **Ability to meet deadlines and shorten the time in the field**

We understand the frustrations of an audit firm not meeting your stated deadlines. We commit that we can, **and will**, meet your deadlines as well as shorten the amount of time needed in the field. Our experience with other governmental audits has enabled us to fine-tune our audit process. This translates to a smooth and more efficient audit for you while meeting your deadlines and keeping our fees at a reasonable rate.

### **Multi-Year Approach**

We attempt to retain the majority of the audit team in order to develop a historical perspective of the operating and control environment of the City. This historical perspective allows us a deeper understanding of the risks surrounding the City and the opportunity to perform a thorough audit without a learning curve. The result of our preliminary review is a planned calendar of audit events, timing and expectations based on the budgets and related materials, organizational charts, manuals and programs, and financial and other management information systems.

We also have the resources within our offices to change your current engagement team while retaining the historical perspective that we gain over the years, if you feel you would benefit from auditor rotation. The individuals in Eide Bailly's government group have extensive experience in the industry and benefit from the firm's focus on continuing education. Our governmental professionals are well-positioned in organizations associated with governmental entities, such as the American Institute of CPAs (AICPA) and Governmental Audit Quality Center, the primary purpose of which is to promote the importance of quality government audits. We have also held leadership roles in the Government Finance Officers Association (GFOA).

We will be available to the City throughout the year as a resource to answer questions, have discussions and confirm the appropriate accounting treatment for unique or infrequent transactions.

## Smooth Transition

We understand the transition from one professional services firm to another can be the cause of some inconvenience to City management and staff. We understand this concern and realize the decision to change service providers is not one to be taken lightly. Our goal is to make the transition as smooth as possible. We will manage the transition to minimize time demands on your employees and ensure a timely first year audit in accordance with professional standards.

We are experienced in transitioning many clients from predecessor professional service providers. In each case, we worked closely with client personnel and accomplished the transition with minimal disruption of client activities. The following are some of the critical activities we perform to make the transitions successful.

- Spend more time in the planning stages of the audit to understand City accounting and operational processes.
- Identify any issues during the planning stage and have them resolved before starting the audit.
- Provide an extensive and detailed prepare by client list of schedules, documents and confirmations needed for the audit.
- Review current auditor's workpapers to help us understand what the provided regarding schedules and other documentation. We will modify our requests to match what the City has seen in the past.
- Partners and managers spend more time in the field so when issues are identified they are resolved in the field and not at the end of the audit.
- Meet your deadlines.
- Continue ongoing communications with management during the audit process and throughout the year.

## Communication

Communication before, during and after the audit is a hallmark of Eide Bailly's audit process. Our communication style is one of collaboration, where we will work together to find the best solution for the City. This approach has proven beneficial in that it assures the proper communication channels exist while also avoiding last minute surprises that can be frustrating. We view all parties as an important part of the overall process of providing audit services.

As part of our collaborative approach, we will meet with management during audit planning to gain a thorough understanding of the City expectations and any changes to the organization. During the audit process, we will communicate progress through oral and written status updates and discuss significant audit issues as they arise. At the conclusion of the audit, we will jointly evaluate the effectiveness of the audit and any recommendations for changes in the future.

As noted above, our service model does not view the audit process as an annual "event." Instead, we communicate with management on an ongoing basis and keep you apprised of accounting pronouncements, changes in regulations and other changes that may impact the City. Under this communications approach, we will discuss specific preferences you have in communicating with us including frequency and style. As we get to know your organization, our process becomes increasingly customized to the City, yet it still follows the framework we have put together as guidelines that our staff are expected to embrace as part of our service culture.

We will discuss with management about any potential findings during our fieldwork so that management will have time to respond while we are in the field. We will discuss in detail any outstanding findings and those that have been finalized during the exit conference. Our goal is not to have any additional surprise findings after leaving the field.

# A COLLABORATIVE APPROACH



## b. Additional Services

### LET US HELP YOU WITH MORE.

We pride ourselves on being leaders in the government industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're business advisors who want to help guide the strategy and operations of your organization, and we'll make sure you feel connected and understand the process. Our professionals work closely together so you receive valuable service from people who understand your needs and know your business.

When you work with us, you'll have access to the knowledge and talents of more than 2,500 professionals across our firm. This includes specialized tax knowledge, a full spectrum of audit/assurance services and our many specialized services. If you request additional services, we will obtain your agreement on fees before commencing work, so there are no surprises or hidden fees.

#### Data Analytics and CAAT

We have tools available relative to the use of data analytics and Computer Assisted Audit Techniques ("CAAT") that can be used as an essential aspect of providing audit services, if deemed most effective and efficient. The techniques to be used are accomplished through a combination of industry experience, gaining understanding of your specific business, data, and systems, and utilizing our IT business analytics resources. We obtain data extracts from our clients to perform analytics over accounting and financial transactions.

**As part of our engagement, we will perform a first-year payroll analysis at no additional charge to the City.** The first-year analysis of payroll using Data Analytics is incorporated in our first-year audit procedures at no additional cost to the City. These procedures have proved to be extremely beneficial to cities in helping them more deeply understand the information in their payroll, which is a significant portion of the City's budget each year.

## Training Experience

Eide Bailly's membership, participation and relationships with the standard-setting organizations afford us numerous opportunities annually for knowledge transfer not only in a one-on-one setting, but also ranging up to regional and national conferences. Our professionals are on the forefront of government accounting and auditing changes through our membership, participation and relationships. As a result, there are very few days annually where there is not a knowledge transfer meeting, conference, podcast or webcast that Eide Bailly is not leading or participating in. We will draw upon this experience when facilitating the sessions for the City .

In addition to our live trainings, and webcasts, if requested, our professionals can provide onsite training for accounting staff on topics determined by the **City** . **This personalized training is available to the City regardless of whether or not we are selected as your auditor.**

## IT Consulting

Business planning and technology strategy go hand-in-hand, like having a good offense and defense. You can't win the game without planning for both.

Whether you want a better way to power your decision making, a simpler way to run your organization, or you just want to see a return on your technology, a solid strategy always comes first. Our business consultants will help you define your goals and business needs so that your technology game plan keeps you winning.

## Forensics & Fraud Prevention

Preventing fraud can save time, money and improve employee morale.

There are many actions an organization can take to safeguard against fraud. Fraud prevention professionals can help you pinpoint where your risks are and then advise on internal controls and employee programs to avoid potentially fraudulent activity. Professionals work with you to determine your unique needs and decide which of the following or a combination of these services will yield the best results:

- Internal Controls Examinations
- Fraud Risk Assessments
- Forensic Data Analytics
- Fraud Awareness Training
- Background Checks/Forensic Investigative Due Diligence
- Fraud Hotline

Our forensic accountants have the investigative techniques and technical skills needed to help you detect, investigate and prevent fraud. We work closely with you and your staff in a friendly, supportive manner to understand and examine your internal controls and provide recommendations. Our comprehensive reports can form the basis for strengthening your internal controls and improving fraud prevention efforts across your organization.

## 4. References

As a top 25 CPA firm, we've built our business on relationships and believe our clients to be the best critics of our service. The clients below have similarities to your organization, and we encourage you to contact them to learn about their Eide Bailly experiences.

### Similar Clients

#### City of Fargo Park District

Tyson Lund  
701.499.6072  
[tlund@fargoparks.com](mailto:tlund@fargoparks.com)

#### City of Fargo

Kent Costin  
701.241.1300  
[kcostin@cityoffargo.com](mailto:kcostin@cityoffargo.com)

#### City of Horace

Brenton Holper  
701.492.2972  
[bholper@cityofhorace.com](mailto:bholper@cityofhorace.com)

#### West Fargo Public School

Levi Bachmeier  
701.499.1077  
[LBACHMEIER@west-fargo.k12.nd.us](mailto:LBACHMEIER@west-fargo.k12.nd.us)

#### City of Sioux Falls

Shawn Pritchett  
605.367.8837  
[spritchett@siouxfalls.org](mailto:spritchett@siouxfalls.org)

## 5. Cost of Services

Our fees are based on the complexity of the issue and the experience level of the staff members necessary to address it. If you request additional services, we will obtain your agreement on fees before commencing work, so there are no surprises or hidden fees.

We propose the following fees based on our understanding of the scope of work and the level of involvement of the City's staff:

### Engagement Services and Fees

Professional Services	2019	2020	2021
Audit of Financial Statements	\$30,900	\$31,800	\$32,700

If a single audit is necessary, the cost will be \$2,500 for one major program and \$1,500 for each additional major program.

### Hourly Rates for Additional Services

Hourly Rate by Staff Level	2020
Partner	\$ 250/ hr.
Manager	\$ 200/ hr.
Senior Associate	\$ 180/ hr.
Associate	\$ 160/ hr.
Staff	\$ 120/ hr.
Clerical	\$ 80/ hr.

### Out-of-Pocket Fees

The professional fees listed above are inclusive of all out-of-pocket expenses and you will not be billed for expenses such as travel time, mileage, and meals.

### Billing Policy Regarding Telephone Inquiries

We know clients appreciate access to all of their service team members. We embrace this opportunity for constant communication and will ensure our team members are available when you have questions and issues. This service is included in the scope of the engagement. If a particular issue surfaces that falls outside the scope of this engagement, we'll bring it to your attention and obtain approval before proceeding.



**DRIVEN TO HELP  
YOU SUCCEED**

### Why Choose Eide Bailly

## **WE WANT TO WORK WITH YOU.**

To us, work isn't just work; we see it as a chance to help you solve problems, achieve goals and pursue passions. After thoughtfully reviewing your needs and taking the time to understand your business, we feel we're the best fit for this opportunity.

We can connect you with the knowledge, resources and solutions that help bring confidence to your business decisions. We want to work with you!

If you have questions or would like additional information, don't hesitate to contact us. We want to make sure you have everything you need to make your decision.



**Brian Stavenger, CPA**

Partner

701.239.8518

[bstavenger@eidebailly.com](mailto:bstavenger@eidebailly.com)

### **What inspires you, inspires us.**

We're driven to help clients take on the now and the next with inspired ideas, solutions and results. We look forward to working with you.

Appendix A — Team Profiles

# TEAM PROFILES

## BRIAN R. STAVENGER, CPA

Partner

**INSPIRATION:** Eide Bailly is a great place to work because the firm gives our staff the keys to drive their own career. The firm provides opportunities for growth and doles out responsibility to young staff at an earlier time than most firms.

701.239.8518 | [bstavenger@eidebailly.com](mailto:bstavenger@eidebailly.com)



Brian joined the firm in 2001 and has devoted much of his career with Eide Bailly serving the accounting needs of public sector clients, including local governmental entities, public schools, charter schools, as well as colleges, universities and utility cooperatives. To support Eide Bailly's commitment to staff development, Brian offers continuing education opportunities by serving as an instructor for firm-wide governmental trainings. Brian is a regular speaker on the topic of feasibility studies for higher education conferences. He also presents on topics related to education, including student activity funds, how to prepare for a government audit and the challenges facing higher education.

When you work with Brian, you get a partner who is intent on listening and allowing you to fully articulate your concerns. While that might mean he seems quiet at times, it also means your goals will be completely understood and attended to. Brian will always be responsive to your inquiries, as he also takes pride in responding within 24 hours to each of his clients.

Away from the office, you'll often find Brian at the hockey rink either cheering on his two kids or volunteering as an assistant coach when needed. He and his wife both love to travel and make a point of escaping town a few times each year (sometimes they even bring the kids). During the summer, the whole family relishes time at the lake or simply gathering around the bonfire on the back patio with friends.

### Client Work

Provided audit services to local governments (schools, cities, and counties), and rural electric cooperatives.

Examined forecasts for institutions of higher education and charter schools.

Promoted staff development by hosting firm-wide trainings on governmental accounting best practices.

### Memberships

North Dakota Society of Certified Public Accountants

American Institute of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Arts, Accounting – Gustavus Adolphus College, St. Peter, Minn.

### Community

Moorhead Youth Lacrosse Association, Board Member

Moorhead Youth Hockey Association, Past Board President

Cass County Historical Society

## DEREK L. FLANAGAN, CPA

Partner

**INSPIRATION:** It's important to make the work process as smooth as possible. To that end, I create relationships with clients that give me the insight to help them achieve success.

701.476.8825 | [dflanagan@eidebailly.com](mailto:dflanagan@eidebailly.com)



Derek's primary focus is in the government and utility industry, where he coordinates and supervises Uniform Guidance audit services to governments, tribal entities and nonprofit organizations.

Derek is easy to talk to and can get along with just about anybody, creating a work-friendly environment. He always is cognizant about clients' needs and tries to be as responsive to them as possible.

Outside of work, Derek enjoys spending time with his wife, Jenica, and their three children. Family time is important to the Flanagans; they spend as much time as possible with extended family and friends. Derek also enjoys golfing and attending any major sporting event, especially baseball.

### Client Work

Provided audit services to local governments (schools, cities, tribes and counties), and rural electric cooperatives.

Performs forecasts for the education industry, including colleges and charter schools.

Promoted staff development by facilitating firmwide trainings on various governmental accounting topics.

### Memberships

North Dakota Society of Certified Public Accountants

American Institute of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Accountancy –  
University of North Dakota,  
Grand Forks

### Community

Government Finance Officers  
Association, Special Review  
Committee for the Certificate of  
Achievement for Excellence in  
Financial Reporting Program –  
Member

Local Dollars for Scholars (Central  
Cass School) Board

## SARA A. KURTZ, CPA

Partner

**INSPIRATION:** I enjoy working with my clients because they have a passion for what they do. They have a genuine interest in making their business the best that it can be and value recommendations or advice we provide.

970.999.8928 | skurtz@eidebailly.com



Sara has more than 13 years of audit experience and has worked with the government and nonprofit industries throughout her career. She provides technical and accounting expertise for governmental clients that need to understand the professional accounting standards they must adhere to in order to issue General Accepted Accounting Principles (GAAP) financial statements as well as single audit requirements. As continuous education and training is crucial within the government sector, Sara is a firm resource for staff training, and she supervises audits during all phases of the engagement and participates in the report delivery. She is the chair of Eide Bailly's Government Technical Issues Committee and is responsible for reviewing new guidance and providing firm-wide training on these topics. Sara reviews several Comprehensive Annual Financial Reports a year for the Government Finance Officers Association as a member of its Special Review Committee.

Sara's working style is collaborative. She listens to clients' needs, concerns and challenges and works with them to find a solution. Sara is able to find solutions and explain them in a way that makes sense. Sara believes that timely communication is key during an audit. During the audit, clients will find that Sara is on-site with the team, facilitating the successful completion of the audit. She is accessible to clients not only during an audit, but throughout the year.

### Client Work

Worked with clients on best practices to implement controls to prevent single audit findings. Over the years, one client's findings were reduced from more than 25 findings to less than five.

Provided training to clients and staff on governmental reporting/Comprehensive Annual Financial Report topics.

Worked with clients on special projects to evaluate their internal controls and provide recommendations for improvements.

As part of the National Accounting Office, served internal clients by researching technical topics and providing recommendations.

### Memberships

American Institute of Certified Public Accountants

Colorado Society of Certified Public Accountants

Colorado Society of Certified Public Accountants - Governmental Issues Committee

Colorado Government Finance Officers Association - Education Committee

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Arts, Accounting – University of Northern Iowa, Cedar Falls

### Community

Colorado Government Finance Officers Association Education Committee, Member and Presenter at Annual Conferences

Colorado Society of CPAs Governmental Issues Committee

**ERIC S. BERMAN**, CPA, CGMA

Partner

**INSPIRATION:** I enjoy helping governments achieve the next level of operations, transparency and knowledge. As I like to say, Think like a taxpayer, because you are one.' We're all working for the same goals, and if our clients succeed, we succeed.

208.424.3524 | eberman@eidebailly.com



Eric is a nationally recognized speaker, author, thought leader and auditor with a wealth of government client experience. He brings a unique perspective to the firm's clients as a former Deputy Comptroller of the Commonwealth of Massachusetts, a chief financial officer of a state agency and an audit partner with clients ranging from a well-known stadium to statewide pension systems.

Eric's unique background and decades of governmental accounting, auditing and controllership experience allows his clients to meet their standards and goals and achieve new success along the way. He's been recognized with several major awards for his public service and work, and his insight means he can help you solve problems before they happen.

In his free time, Eric enjoys spending time with family, especially his new grandson Jonah! He enjoys watching Boston sports—Red Sox, Patriots, Celtics and Bruins—but Jonah tops them all.

**Client Work**

Helped government entities across the U.S. understand and implement GASB Standards.

Consulted with state and local governmental clients with governmental accounting, auditing and controllership services.

Assisted clients in earning the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

Authored the entire governmental library of reference information and audit programs for CCH Wolters Kluwer.

Served as Deputy Comptroller of the Commonwealth of Massachusetts for 11 years and held the position of Chief Financial Officer of the Massachusetts Water Pollution Abatement Trust for five years.

**Memberships**

Represented the Association of Government Accounts (AGA) as the Vice Chairman of the Government Accounting Standards Advisory Council (GASAC) to GASB

AGA Boston chapter president/host of the 2017 Professional Development Training conference

AGA Audit Committee chair and former chair of the Financial Management Standards Board

California Society of Certified Public Accountants, Governmental Accounting and Audit Committee

Massachusetts Society of Certified Public Accountants, Governmental Accounting and Auditing Committee

**Designation/Licensures**

Certified Public Accountant

Chartered Global Management Accountant

**Education**

Master of Science, Accountancy – Bentley University, Waltham, Massachusetts

Bachelor of Science, Broadcast Journalism – Boston University, Boston, Massachusetts

## LUKE D. EVENSON, CPA

Senior Manager

**INSPIRATION:** I always aim to work hard for my clients to find solutions and deliver service in a timely manner.

701.476.8764 | [levenson@eidebailly.com](mailto:levenson@eidebailly.com)

Luke provides audit and assurance services to governmental entities. His experience includes serving cities, public schools and tribal entities.

When you work with Luke, you can expect him to understand your situation and respond in a timely manner. He will work side-by-side with you and your organization to navigate through the complicated world of accounting.

When he's away from the numbers, Luke spends his free time with his family at the lake, grilling in the backyard and golfing.

### Client Work

Provides audit and assurance services, including single audits, by leading audit teams through planning, performing and supervising.

Oversees engagements and assists staff to ensure client timelines are met.



### Memberships

American Institute of Certified Public Accountants

North Dakota Society of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Accountancy – North Dakota State University, Fargo

## COURTNEY RICHMAN, CPA

Manager

**INSPIRATION:** I strive to improve audit processes to ensure the audit is completed timely and efficiently. I enjoy getting to know my clients and really understanding their business in order to provide quality customer service.

701.476.8326 | crichman@eidebailly.com



Courtney provides audit and assurance services to clients in a variety of industries, including governments, utilities, manufacturing and distribution, and agriculture.

Courtney enjoys working with clients and helping them to better understand their financial statements. She makes herself available to her clients throughout year in order to assist with any questions they have regarding their financial information. Courtney takes the time to understand each client's situation in order to provide the information they are looking for.

Outside of work, Courtney enjoys spending time at the lake with family and friends. She also enjoys playing volleyball and golf as well as spending time outdoors and traveling to new places.

### Client Work

Provides quality audit and assurance services, including single audits required by Uniform Guidance.

Oversees audit engagements and works closely with clients and engagement staff.

Assists in planning, performing and supervising audit engagements.

### Memberships

American Institute of Certified Public Accountants

North Dakota Society of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Arts – Concordia College, Moorhead

**JOHN HAGEN**, CPA  
Senior Associate

**INSPIRATION:** I enjoy the continuous challenge of fulfilling our clients' needs. I take pride in providing a service that is both valued and appreciated by the client.

701.239.8674 | [jhagen@eidebailly.com](mailto:jhagen@eidebailly.com)

John provides audit services to clients in a number of industries, and he specializes in the governmental industry.

When clients work with John, they can expect him to be responsive and understanding of their needs.

Outside of work, John enjoys spending time with family and friends. He is also an avid and passionate fan of all things sports. In the summer, John makes it a priority to spend time outside and at the lake.

**Client Work**

Led teams in providing audit services to clients in a number of industries and developed a specialty in governmental accounting.

Has experience providing financial statement auditing and compliance testing, including single audits required by Uniform Guidance.

Assisted in training and development for interns and associates.



**Memberships**

American Institute of Certified Public Accountants

North Dakota Society of Certified Public Accountants

**Designation/Licensures**

Certified Public Accountant

**Education**

Bachelor of Science, Accounting – North Dakota State University, Fargo

Bachelor of Science, Finance – North Dakota State University, Fargo

## SALLY A STERK, CPA

Senior Associate

**INSPIRATION:** Vocation is where your skills and talents meet the needs of your community. For me, that's helping local governments prepare their financial statements so that they are able to focus on providing day-to-day services to their taxpayers.

701.239.8621 | [ssterk@eidebailly.com](mailto:ssterk@eidebailly.com)



Sally works with our clients and the audit team to transform the client's trial balance into governmental financial statements, complete with all required GASB disclosures. She also prepares a brief, easy-to-understand summary perfect for board presentations.

Sally loves to share her knowledge of governmental accounting - she'll work with you to make sure you understand the financial statements and disclosures applicable to your government resulting in a complete report.

Sally's passion outside of work is music: playing flute, saxophone, and handbells; singing in her church choir; and attending live music events in the Fargo area.

### Client Work

Prepared complete Comprehensive Annual Financial Report, consisting of basic financial statements, notes to the financial statements, required supplementary information, combining and individual fund schedules, and statistical information alongside City officials.

Transformed our previous text-heavy executive summary format to one that is more visually appealing and easier to understand.

Guided clients through the implementation of GASB 54 and GASB 67/68, ensuring that the new accounting standards were properly applied in their financial statements.

### Memberships

American Institute of Certified Public Accountants

Minnesota Society of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Arts in Accounting and Business Management - Concordia College, Moorhead

### Community

St. John Lutheran Church - Fargo, Finance Committee

St. John Lutheran Church Handbell Choir

Lakes and Prairies Destination Imagination volunteer

Appendix B — Peer Review

# PEER REVIEW



## Report on the Firm's System of Quality Control

December 28, 2017

To the Partners of Eide Bailly LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eide Bailly LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Cherry Bekaert LLP".

Cherry Bekaert LLP

# CULTURE

## THE FOUNDATION OF SUCCESS



Caring for our external and internal clients with a passion to go the extra mile.

Respecting our peers and their individual contributions.

Conducting ourselves with the highest level of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success of the Firm,  
not just individual or office success.

Stretching ourselves to be innovative and creative, while managing the related risks.

Recognizing the importance of maintaining a balance between work and home life.

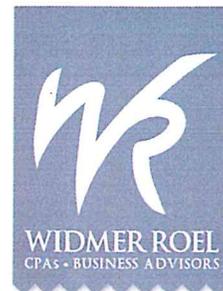
Promoting positive working relationships.

And, most of all, enjoying our jobs ... and having fun!



**What inspires you, inspires us.**

[eidebailly.com](http://eidebailly.com)



4334 18th Avenue S.  
Ste 101  
Fargo, ND 58103-7414

Phone: 701.237.6022  
Toll Free: 888.237.6022  
Fax: 701.280.1495

April 1, 2020

Mr. Jim Larson, CPA  
Finance Director  
City of West Fargo  
800 4<sup>th</sup> Ave E, STE 1  
West Fargo, ND 58078

Dear Mr. Larson:

We are enclosing our proposal for professional services for the **City of West Fargo** that include the years ended December 31, 2019, 2020, and 2021.

We are excited and appreciate the opportunity to submit this proposal for your consideration. We pride ourselves on providing professional, yet personable service and we are mindful of the clients' deadlines.

We understand you are interested in receiving a high-quality of service as part of your audit, including a detailed personal presentation of your report, high-value recommendations, and analysis of areas of interest and/or concern. This is an area of strength for Widmer Roel, and we are prepared and excited to demonstrate that high-quality service on behalf of the City.

Thank you for the opportunity to submit this proposal for the **City of West Fargo**.

If you have any questions, we will be pleased to discuss them with you.

Sincerely yours,

Tracee S. Buethner, CPA, CIA

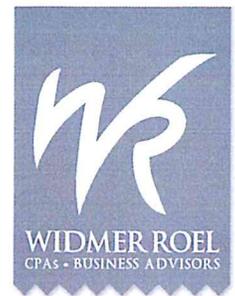
Craig A. Hashbarger, CPA, CIA, CFE, CGMA

TSB:tm  
Enclosures



PROPOSAL FOR PROFESSIONAL SERVICES  
FOR THE YEARS ENDED  
DECEMBER 31, 2019, 2020, AND 2021





4334 18th Avenue S.  
Ste 101  
Fargo, ND 58103-7414

Phone: 701.237.6022  
Toll Free: 888.237.6022  
Fax: 701.280.1495

April 1, 2020

Mr. Jim Larson, CPA  
Finance Director  
City of West Fargo  
800 4<sup>th</sup> Ave E, STE 1  
West Fargo, ND 58078

Dear Mr. Larson:

We appreciate the opportunity to submit a proposal to perform professional services for the **City of West Fargo** for the years ended December 31, 2019, 2020 and 2021. The following is our understanding of the services to be provided and other related items:

- (1) We will perform audits of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of West Fargo** for the years ended December 31, 2019, 2020, and 2021 for the purpose of expressing an opinion on the fairness of the presentation of the **City of West Fargo's** financial statements. We will issue a written report on the financial statements upon completion of our audit(s).

We will conduct our audits of the city in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

If the city's federal expenditures exceed \$750,000 in any year, we will also conduct our audit in accordance with the provisions of the Uniform Guidance Requirements, Cost Principles, and Audit Requirement for Federal Awards, which will include conducting tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion.

- (2) As part of the audit, we will obtain an understanding of the city's internal control, which includes, but is not limited to, an understanding of the design and application of the city's significant accounting policies. We also design our testing to identify noncompliance with laws, regulations, contracts and grant provisions which could be direct and material to the financial statements. If we identify internal control deficiencies or material noncompliance, we will document and provide summary of these findings, including our recommendations to management and the City Council, and we will communicate those to management and the City Council. We also will issue a formal report on internal control and compliance in accordance with *Government Auditing Standards*.
- (3) We understand open communication and transparency is critical in the government environment. Upon completion of the audit we will meet in person with the **City of West Fargo** Council to discuss the audit results, present any significant findings and recommendations, and answer any questions or concerns by members of the City Council and others as requested by the Council.

(4) We anticipate audit planning will commence in April 2020 and field work will commence in May 2020. Upon acceptance of the proposal, we will discuss a mutually agreed-upon time to start the audit. We understand the City desires to have the audit complete by August 31, and we are committed to allocating appropriate and well-qualified audit leadership, staff and other resources to complete the engagement within the desired timeframe. Given the ever-changing operating environment as a result of the COVID-19 pandemic, for the 2019 audit we would leverage available technology and request all possible documents be provided electronically. We would also, whenever possible, conduct inquiries via phone and/or video conference. We would also make every effort to be flexible with respect to the availability of the city's staff, management and leadership.

(5) **Audit Process** – In accordance with professional standards, our audit process involves obtaining an understanding of the city and its environment, including its internal control. To obtain this understanding, we would reach out to members of the City Council, members of departmental management, and other employees within the city. We also would analyze significant factors affecting the city and local governments in North Dakota in general. In the case of the City of West Fargo, we anticipate the following areas could impact the audit:

- Continued population growth of 2-3% annually and related housing, infrastructure and other needs.
- Implementation of the city's Comprehensive Plan.
- Economic and other challenges in 2020 related to the COVID-19 virus.
- The city's use of technology and impacts on the city's operations.
- Ongoing transparency efforts among the city's stakeholders.

(6) **Additional Services** – In addition to the audit, we also understand there may be some specific areas of interest which members of the City Council or management may want us to review. These services will be performed in accordance with applicable professional standards. We have a highly qualified team of government audit professionals whom we believe are very well suited to provide these services to the **City of West Fargo**. During our audit planning and field work, we would visit with members of the Council, management and employees within the city regarding areas of interest or concern related to the city's financial operations or related matters. If the areas of concern fall within the scope of the current year's audit, we would address those issues as part of the audit itself.

To the extent identified areas of interest or concern are not within the scope of our audit, we would conduct additional analysis of those areas and develop additional recommendations which we would present to management and the City Commission. Some such areas may include:

- Review and understanding of the city's accounting policies.
- Operational assessments (for example, specific departments, service areas, etc.).
- Performance audits.
- Trend analysis and related presentations.
- Agreed-upon procedures.
- Fraud-related procedures.

Before we would expand into significant additional areas, we would communicate with city officials designated by you to ensure you agree with the scope of such work and its value to the city.

- (7) **Communication with City Officials** – During the engagement, we will request unrestricted access to persons within the city from whom we determine it necessary to obtain audit evidence. We will communicate with staff by phone, email, and face to face throughout the engagement.
- (8) **Firm Expertise and Experience** – We have included the detailed resumes of the team members who would be involved with the engagement. Each of these individuals receives in excess of 40 hours of Yellow Book-related continuing professional education. Our firm currently audits or has the following types of government entities:
- Airport Authorities
  - Cities
  - Counties
  - School Districts

In addition, our clients include for-profit and not-for-profit entities subject to Uniform Guidance related to Housing and Urban Development (HUD) funding, and we perform audits and other services for entities within the North Dakota University System, as well as its component units. Also, the senior audit manager included in this proposal was previously the audit manager responsible for overseeing the planning and audit quality related to numerous local government audits performed by the North Dakota Office of the State Auditor.

- (9) **Firm References** – These clients have provided us expressed written permission to use them as firm references:

Jodi Germundson, Business Manager  
Williston Public School District  
701-572-1580

Brian Ehlke, Vice President of Finance  
YMCA of Cass and Clay Counties  
701-293-9622

April Grandalen, Business Manager  
Finley-Sharon Public School District  
701-524-2420

Vance Kemmer, City Auditor (Ret)  
City of Horace  
701-430-0103

Andrew Workin, Development Assistant  
Mayville State University Foundation  
701-788-4687

(10) **Proposed Fees –**

**Audit and Related Services**

The fees for the professional auditing and related services will be at our per diem rates, with estimated fees not to exceed:

Audit of the December 31, 2019 financial statements in accordance with Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards. \$ 40,000

Audit of the December 31, 2020 financial statements in accordance with Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards. \$ 41,500

Audit of the December 31, 2021 financial statements in accordance with Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards. \$ 43,000

In subsequent years, we anticipate fees will increase by approximately 4-5%. We will discuss any significant changes in auditing standards or operational changes in the city which could impact the fee structure.

**Single Audit – Only if Required**

If the city has federal expenditures in excess of \$750,000 during the audit period, the additional fees for professional services in accordance with the Uniform Guidance are estimated as follows:

One federal program \$ 3,500  
Each additional federal program \$ 2,000

**Consulting/Other Services (Optional)**

Our fees for the additional consulting or other services outlined above would also be based on our per diem rates. Depending on the nature and extent of services, we would provide management with an estimate of additional fees before incurring significant costs. Our hourly rates range as follows:

Staff/Senior	\$ 75 – 125
Supervisor	\$ 125 – 150
Manager/Senior Manager	\$ 150 – 225
Partner	\$ 225 – 275

**Out-of-Pocket Expenses and Other**

Out-of-pocket expenses, which will be billed separately from the base fee, are based on actual charges incurred and generally will include postage and other miscellaneous charges. These are not expected to exceed \$100 per year.

The fee estimate is based on our projected hours and anticipated cooperation from management and the assumption that unexpected circumstances will not be encountered during the engagement. Our average billable rates depend on the time of the year the services are performed, the complexity of the work, and staff experience. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

- (11) **Contact throughout the Year** - We encourage contact throughout the year and generally we do not charge for routine questions or emails received during the year.
- (12) **The Widmer Roel Difference** - In this proposal, we identify the qualifications and experience of Widmer Roel, as well as advantages retaining us as your service provider. Widmer Roel is committed to providing quality services to governmental organizations in North Dakota and Minnesota. Our staff continues to develop expertise specifically to meet the needs of our clients ranging from attestation engagements to consulting on unique issues. Our firm makes an investment in providing training through continuing education to ensure that all staff that is assigned any governmental engagement is knowledgeable and proficient. Furthermore, our firm is a member of the AICPA's Government Audit Quality Center; this voluntary membership includes additional requirements intended to further enhance our firm's proficiency at conducting audits of government entities.

(13) You may contact the following regarding this proposal:

Tracee S. Buethner, CPA, CIA – Partner  
[tbuethner@widmerroelcpa.com](mailto:tbuethner@widmerroelcpa.com)  
701-237-6022

Craig A. Hashbarger, CPA, CIA, CFE, CGMA – Senior Manager  
[chashbarger@widmerroelcpa.com](mailto:chashbarger@widmerroelcpa.com)  
701-237-6022

We appreciate the opportunity to present this proposal to the **City of West Fargo**. We believe this proposal accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Sincerely yours,



Tracee S. Buethner, CPA, CIA

TSB:tm  
Enclosures

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## PROFILE OF WIDMER ROEL

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Widmer Roel is a local professional corporation of certified public accountants with an office located in Fargo, North Dakota. Widmer Roel is one of the largest CPA firms in the state of North Dakota. The firm has twenty-six professionals including the stockholders/partners.

Widmer Roel has been providing audit and consulting services to local governments since 2007. Our goal is to provide the quality advice and exceptional service that our clients deserve in achieving their business and financial goals, while maintaining a positive working environment that allows each of our team members to succeed along with our clients.

Because of our current and continued interest in serving North Dakota's local governments, our continuing education is focused on the development and enhancement of technical skills in this area. We accomplish this by sponsoring our staff's participation in outside seminars and courses applicable to governmental organizations. We also participate in various webinars through the AICPA Government Audit Quality Center and CPAmerica International. We have set our continuing education standards far above those required by our profession to stay on top of the ever-changing tax and accounting rules and regulations. Our professionals generally receive more than the required 40 hours of continuing education each year.

One of our roles as independent auditors is keeping our clients informed of new rules and regulations and their impact. Over the years, there have been many topics that we have discussed and presented to our clients in various ways, including and not limited to: board presentations, audit/finance committee presentations, meetings with management, round-table discussions, quarterly newsletters, seminar presentations, and strategic planning sessions.

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## QUALIFICATIONS OF WIDMER ROEL

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Widmer Roel is licensed with the North Dakota State Board of Accountancy. Additionally, Widmer Roel is licensed in Minnesota, South Dakota, Nebraska, Montana, Kansas and Texas.

### **Memberships**

Our firm is a member of the American Institute of Certified Public Accountants ("AICPA"). In addition, Widmer Roel has memberships in the following professional organizations and associations that are specific to nonprofit organizations:

- AICPA's Government Audit Quality Center (GAQC)
- North Dakota League of Cities

Furthermore, Widmer Roel is a member of CPAmerica International, Inc. ("CPAmerica"), an exclusive national network of independent certified public accounting firms. Through our affiliation with CPAmerica, we can leverage the resources and accumulated expertise of other CPAmerica firms. Our membership in CPAmerica provides us with access to outstanding audit, tax and consulting professionals and their specialty niche expertise in over 50 major U.S. cities. When you engage Widmer Roel, you take advantage of an entire network of not-for-profit specialists. Our network provides expanded knowledge to monitor and evaluate current industry trends, identify and recommend new strategies and programs, and continue to discover innovative ways to provide you solutions to business challenges.

CPAmerica's international alliance partner is Crowe Horwath International with over 90 firm members and 300 international affiliate offices located in countries around the world. With these benefits accessible to our firm we remain autonomous, so you are assured of a local presence of highly trained and knowledgeable experts focused on your needs.

Numerous CPAmerica firms have expertise in auditing local governments. All these firms will respond positively to our call to marshal resources, should the need arise. What this means to your organization is that you will have local expertise supported by a national network of experts in the not-for-profit arena.

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### FIRM QUALITY CONTROL

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As a member of the PCPS, Widmer Roel is required to have a periodic quality control peer review performed by an independent, AICPA supervised, peer review team. The AICPA quality control program further requires us to conduct annual internal control inspections on specific audit engagements and on a firm-wide basis. Our latest available Peer Review report is submitted with this proposal.

The Firm has established quality control policies and review procedures, which are followed on each audit engagement.

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### ADVANTAGES OF RETAINING WIDMER ROEL

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#### **Continuity**

To provide our clients with the best advice and continuity of service, we utilize active partner participation and the same staff on engagements whenever possible. We strive to retain staff by providing a challenging work environment and encouraging staff to spend time with their families and friends. The engagement team has significant experience working with nonprofit organizations.

#### **Experience**

Your engagement team is made up of individuals with substantial local government audit experience.

#### **Continuing Education**

We have set our continuing education standards far above those required by our profession to stay on top of the ever-changing tax and accounting rules and regulations. Our professionals generally receive more than the 40 hours of required continuing education each year.

#### **Service Guarantee**

We guarantee our work will be performed in a friendly, professional and timely manner. If we fall short of your expectations, we will – without question – respect your right to reduce the agreed upon fee to any amount you feel is proper.

## OUR COMMITMENT TO YOU

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At Widmer Roel we take great pride in striving to be the best. In order to maintain the exceptional quality and high standards we demand of ourselves, we make the following commitments to you:

- (1) We will respect the confidentiality of our working relationship.
- (2) We will act honestly and with integrity in everything we do for you and with you.
- (3) We will provide all our services in a courteous and friendly manner.
- (4) We will return your phone calls on a timely basis.
- (5) We will meet deadlines set with you or we will advise you in advance of our inability to do so for reasons absolutely outside our control.
- (6) We will listen to your wants, needs and suggestions.
- (7) We will provide each of our team members with the quality training and current technology needed to serve you.
- (8) We will maintain a professional team that is given every opportunity to succeed for you and with you.
- (9) We will provide the quality advice and exceptional service you deserve in achieving your goals.
- (10) We will monitor all our activities on a constant basis with the idea that we can always improve.

## SUMMARY OF QUALIFICATIONS

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Tracee S. Buethner, CPA, CIA will be the partner in-charge and other staff will be assigned when engaged.

### TRACEE S. BUETHNER, CPA, CIA

Tracee S. Buethner is a stockholder/partner of Widmer Roel with experience in supervising engagements, performing audits, and providing consulting services to employee benefit plans. She is a Certified Public Accountant licensed to practice in North Dakota and a Certified Internal Auditor. She is a graduate of Minnesota State University – Moorhead and has over 25 years of practice in public accounting.



Before joining Widmer Roel in January 2001 she was employed by a regional public accounting firm in Phoenix, Arizona and then worked as a manager in the internal audit department of a publicly traded company in Scottsdale, Arizona.

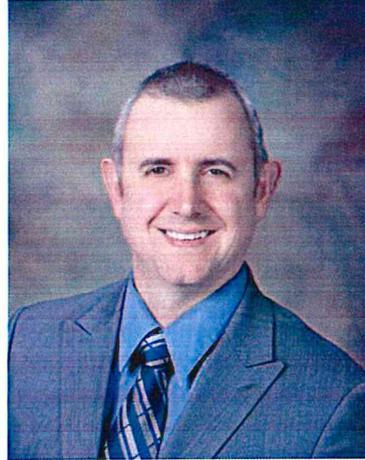
Tracee is currently a member of the American Institute of Certified Public Accountants, the Institute of Internal Auditors, the North Dakota Society of Certified Public Accountants, the North Dakota Association of Nonprofit Organizations, the National Center for Employee Ownership, and the NDSCPA Membership Committee. Tracee also is the Past President of the North Dakota Society of Certified Public Accountants. Furthermore, she is the firm's designated partner to the AICPA Government Audit Quality Center and the AICPA Employee Benefit Plan Audit Quality Center. She also currently serves on the AICPA Member Advisory Panel and is a member of the AICPA Not-for-Profit Section.

Tracee previously served as the co-chair of the 2004 AICPA New Member Forum and the chair of the NDSCPA Membership Committee. She completed a 5-year term on the Certification Committee of the Arizona State Board of Accountancy, and was a member of the NDSCPA Convention Committee.

She is active in community functions and is currently a board member and member of the finance committee of a large nonprofit organization serving the Fargo-Moorhead area, and a volunteer for various projects. Tracee is also a member of various nonprofit and member organizations.

### **CRAIG A. HASHBARGER, CPA, CIA, CFE, CGMA**

Craig A. Hashbarger is a senior audit manager with Widmer Roel. He is a Certified Public Accountant licensed to practice in North Dakota, a Certified Internal Auditor, Certified Fraud Examiner and Chartered Global Management Accountant. Craig is a graduate of the University of North Dakota and has over 15 years of experience.



In addition to his years of experience with Widmer Roel, he previously worked at the North Dakota State Auditor's Office, where he led the team responsible for audits of North Dakota's local governments and developed and led the team that conducts performance audits of the North Dakota University System. He also was a technical reviewer for North Dakota's peer review program.

Craig is a member of the American Institute of Certified Public Accountants, Institute of Internal Auditing, Association of Certified Fraud Examiners and North Dakota Society of Certified Public Accountants.

As a senior audit manager, Craig provides audit, accounting and consulting services for a wide range of client.

### **TANNER SAKRISMO**

Tanner Sakrismo as an audit supervisor with Widmer Roel. He is a graduate of Concordia College. Tanner has been in public accounting practice since 2013.



Tanner is a member of the North Dakota Society of Certified Public Accountants and Young Professionals Network.

As an audit supervisor, Tanner provides audit and accounting services for a wide range of clients.

## BRIAN CLARK

Brian Clark is a staff accountant with Widmer Roel. He is a graduate of North Dakota State University. Brian has been in public accounting practice since 2017.

Brian is a member of the North Dakota Society of Certified Public Accountants.

As a staff accountant, Brian provides audit and accounting services for a wide range of clients.





Lisa M. Aleschaffl, CPA  
Jeffrey P. Anzovino, CPA, MSA  
Charles A. Deluzio, CPA

Joseph E. Petrillo, CPA  
Stacey A. Sanders, CPA, CSEP  
Daniel W. Wilkins, CPA

**Report on the Firm's System of Quality Control**

September 16, 2019

To the Shareholders of  
Widmer Roel PC and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Widmer Roel PC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

**Required Selections and Considerations**

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including compliance audit under Single Audit Act, audits of employee benefit plans, audit performed under FDICIA, audit of a broker-dealer, and an examination of service organization (SOC 1 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Widmer Roel PC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Widmer Roel PC has received a peer review rating of pass.

Deluzio & Company LLP



351 Harvey Avenue, Suite A, Greensburg, PA 15601 // p - 724-838-8322 // f - 724-853-6500  
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# PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

**CITY OF WEST FARGO, ND**

April 2, 2020



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## COVER LETTER

Mr. Jim Larson  
City of West Fargo, ND  
800 4<sup>th</sup> Ave E  
West Fargo, ND 58078

Dear Mr. Larson:

Brady Martz appreciates the opportunity to present our proposal for professional auditing services to the City of West Fargo, North Dakota.

### RESOURCES YOU CAN DEPEND ON

Our objective is to provide quality and timely services that exceed your expectations. Following are some of the factors that we believe make Brady Martz qualified to provide the quality and scope of services that the City needs:

- **Industry Experience:** We know your business and the climate you work in. Brady Martz provides services to many organizations within the governmental industry.
- **Staffing Stability:** Brady Martz will maintain continuity and stability within your service team. Our professionals understand your goals and will alert you to opportunities. Your time will not be spent training our staff and we can provide continuity in your team from year to year.
- **Uncompromising Client Service:** Proactive and timely client service is priority number one among shareholders and professionals at Brady Martz. We are structured to ensure clients receive an unusually high amount of shareholder and manager attention and involvement. Many times throughout the year questions arise, we believe you will find it reassuring to be able to call experienced professionals and seek their advice whenever needed. We believe you will find our responsive service is different than with other CPA firms.

### FEES AND EXPENSES

We recognize that engaging an accounting firm is an important investment for your organization. You can expect your investment in Brady Martz to add value to your organization. Please refer to the page 21 for a summary of fees.

### CLOSING COMMENTS

We want to use all of our resources to help you succeed. We believe our commitment to quality and timely service; our locally available range of services and our depth of governmental experience will serve your City well. Most importantly, we will be your resource throughout the year.

# BradyMartz

The person authorized to make representations for Brady Martz concerning this proposal is:

Mindy Piatz, CPA, Shareholder  
207 East Broadway  
P.O. Box 1297  
Bismarck, ND 58502-1297  
Telephone: (701) 355-5026  
E-mail: [mindy.piatz@bradymartz.com](mailto:mindy.piatz@bradymartz.com)

If selected to perform the audit, Brady Martz will execute a formal contract incorporating the Request for Proposal and our proposal.

Please call me at (701) 223-1717 if you have any questions concerning our proposal. Thank you for this opportunity to continue to provide our professional services.

Sincerely,

A handwritten signature in black ink that reads "Mindy Piatz". The signature is written in a cursive, flowing style.

Mindy Piatz, CPA, Shareholder  
BRADY MARTZ

## EXPERIENCE AND QUALIFICATIONS

### FIRM PROFILE



We pride ourselves in our knowledge and understanding of our clients and their organizations. When we work with the City of West Fargo, our service approach consistently produces high-quality results in an efficient manner. It is our goal to continue to be a valued partner and resource to your organization.

**CREATIVITY.** At Brady Martz, we believe in a forward-thinking approach that encourages flexibility according to the needs of your organization. We innovate and prepare effective and efficient approaches specific to your organization. As a result, our assignments, and their outcomes, become more interesting, enjoyable, and valuable for all involved.

**OUR EXPERIENCE.** Our experience in the governmental industry spans over 90 years, with more than 200 governmental entities utilizing our independent professional services. Our extensive experience allows us to understand the challenges facing these entities in a world of ever-changing regulations and responsibilities for compliance. We also recognize that not every entity's needs are the same. That's why we treat each client's needs with individualized attention.

Our governmental clients include Municipalities, State Agencies, School Districts, and Housing Authorities. Included in this group are the City of Grand Forks, City of Mandan, Bismarck Parks and Recreation District, Minot Parks and Recreation District, Job Service North Dakota, North Dakota Housing Finance Agency, North Dakota Housing Incentive Fund, City of Grand Forks, Bismarck, Minot and Grand Forks Public School Districts, and Burleigh County Housing Authority. We also perform consulting services to the State of North Dakota for the preparation of the state CAFR.

**EFFICIENT AND EFFECTIVE.** We pride ourselves on our knowledge and understanding of our clients. Based on our experience working your business, we already have a service approach in place to consistently produce high quality results in an efficient manner. We recognize that timing is an important aspect of quality service and will carefully coordinate our work and delivery timelines with you to ensure your expectations are met.

**QUALITY.** We differentiate by providing high quality services in areas that matter most to our clients. When asked if there is a difference in the work product we provide to our clients, we can unequivocally say "yes". Not only do we focus on doing your work to the highest quality possible, we also identify opportunities that benefit your organization. We continue to offer the assurance that our firm's partners actively lead our teams. Therefore, you have the highest level of attention throughout your engagement with us.

# BradyMartz

## INDEPENDENCE AND LICENSE

Brady Martz meets the independence requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States. We also meet the independence requirements under the AICPA Standards, including Ethics Interpretation 101-10. In addition, Brady Martz and all CPAs listed on this engagement are properly licensed to practice in the State of North Dakota.

We at Brady Martz are very conscious of the duty we have to maintain a professional relationship with a client and not to become comfortable in that relationship. That is why we continually make adjustments to our approach towards the annual engagement to not only bring a fresh perspective to each engagement, but to also maintain our high professional standards. This is accomplished by rotating personnel within segments of the audit, updating and modifying procedures, and focusing attention on different risk areas each year, accomplish this. We address and assess risk on an annual basis and adjust our approach accordingly.

## GOVERNMENTAL INDUSTRY KNOWLEDGE AND EXPERIENCE

Our firm performs audits for approximately 200 governmental units and provides other professional services to approximately 70 governmental units. We have more than 60 professional partners and associates who provide audit services for our governmental clients across our seven locations. These individuals maintain their expertise by obtaining continuing education. They also stay on trend of emerging issues by serving on various governmental auditing committees and task forces for the North Dakota Certified Public Accountants Society.

To demonstrate our commitment to achieving the highest quality audits possible, we are a member of the AICPA's Governmental Audit Quality Center (GAQC). Mindy Piatz is our firm's designated partner in charge of ensuring the quality of our Governmental audit services, particularly our services performed under *Government Auditing Standards* and the Uniform Guidance. As part of this membership, we participate in the GAQC's continuing education webinars.

Our highly qualified staff keeps up-to-date on governmental pronouncements and are available to meet with your personnel to discuss any new pronouncements. Support staff is also available to assist with specialized consultations as needed.

Any employee conducting a substantial portion of governmental audits are required to take a minimum of 80 continuing education hours, with 24 specifically related to governmental audits, every two years. In addition to in-house education, we participate in continuing education courses offered by the AICPA and other organizations. Personnel involved in governmental engagements receive a major portion of their continuing education in the governmental area. All staff listed in our proposal meet the continuing professional education requirements of *Government Auditing Standards*.

In addition to our audit services for governmental entities, we also provide a variety of management advisory services that include consultations on bond financing, IT installation and software evaluations, employee benefit plan consulting, and various seminars on accounting-related topics.

## SINGLE AUDIT EXPERIENCE

Brady Martz has a broad base of governmental clients subject to the provisions and requirements contained in *Government Auditing Standards*, the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our firm performs approximately 100 single audits annually accounting for \$800 million of federal expenditures.

# BradyMartz

In addition, we have eight individuals throughout the firm who have completed the certification process through the AICPA's Single Audit Certificate Program that demonstrates their skills, knowledge and expertise performing single audits.

## CONSULTING AND IT SERVICES

We recognize the challenges that rapid economic and technological changes place on any organization. As a full service firm, we are able to provide our clients with a wide array of consulting services. Our consulting services include, but are not limited to strategic planning, policy review, compensation planning, business valuations, and business restructuring. Payroll services include quarterly and annual payroll reporting along with W-2 preparation. We can assist with filing 1099 forms. If we are not maintaining independence for the audit, our firm can also provide bookkeeping services, reconciliation of bank accounts and controller services.

We have also conducted IT examinations. These examinations include a review of an organization's policies and procedures, review of internal controls, as well as an evaluation of the computerized systems. The objectives of these procedures are to locate internal control weaknesses and to identify any inefficiency over the data processing system. Brady Martz employs individuals with specific training in auditing and reviewing information systems.

## AUDIT ENGAGEMENTS PERFORMED

The following is a list of comparable engagements with other governmental entities in which our firm has performed in the last four years.

Local Governments	
<b>Cities</b>	
• City of Beulah	• City of Minto
• City of Cavalier	• City of Richardton
• City of Crosby	• City of Rugby
• City of Grand Forks	• City of Thompson
• City of Mayville	• City of Williston
• City of Mandan	
<b>Counties</b>	
• Benson County	• Eddy County
• Divide County	
<b>Housing Authorities</b>	
• Burleigh County Housing Authority	• Nelson County Housing Authority
• Emmons County Housing Authority	• Pembina County Housing Authority
• Grand Forks Housing Authority	• Ramsey County Housing Authority
• Housing Authority of Cass County	• Spirit Lake Housing Authority
• Mercer County Housing Authority	• Stark County Housing Authority
• Minot Housing Authority	• Williston Housing Authority
• Morton County Housing Authority	
<b>Park Districts</b>	
• Beulah Park District	• City of Minot Park District
• Bismarck Parks and Recreation District	• Grand Forks Park District

## School Districts

- Beulah Public School District
- Bismarck Public School District
- Grafton Public School District
- Grand Forks Public School District
- Litchville-Marion Public School District
- Manvel Public School District
- Minto Public School District
- Minot Public School District
- Rugby Public School District
- TGU Public School District
- Thompson Public School District
- Warwick Public School District

## Soil Conservation Districts

- Grand Forks County Soil Conservation District
- Stark and Billings County Soil Conservation Districts
- Ward County Soil Conservation District

## Water Districts

- East Central Regional Water District
- North Prairie Rural Water District
- R & T Water District
- Stutsman Rural Water District
- Traill Rural Water District
- Williams Rural Water District

## State Agencies

- North Dakota Department of Trust Lands
- Job Service North Dakota
- North Dakota Housing Finance Agency
- North Dakota Housing Incentive Fund
- ND Office of Management and Budget
- North Dakota Building Authority
- ND Office of the Attorney General Lottery Division

## State Boards

- North Dakota State Board of Architecture
- North Dakota State Board of Cosmetology
- North Dakota Electrical State Board
- North Dakota State Board of Medicine
- North Dakota State Board of Law Examiners
- North Dakota State Plumbing Board
- North Dakota State Board of Accountancy



## COMMITMENT TO QUALITY

Our objective is to provide the most professional service we can and maintain our high quality control over our work. To obtain these objectives, all services performed by Brady Martz are under the direct supervision and review of one of the shareholders. Our firm has also developed a quality control document, which sets out our policies for quality services, which are applied to all services we perform.

Our audit reports have been submitted to the North Dakota State Auditor's Office and have also been selected by the Minnesota Society of CPA's Governmental Accounting Committee for review. We are a member of the Center for Public Company Audit Firms and the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants. As a condition of membership in the Center for Public Company Audit Firms and PCPS, we have undergone a peer review of our quality control procedures by an independent firm of CPA's. A peer review results in the issuance of three different types of opinions:

- 1) Pass
- 2) Pass with deficiencies
- 3) Fail

Brady, Martz & Associates, P.C. has received the highest opinion, a pass, which is included on the following pages. Our latest peer review included our governmental audits of Job Service North Dakota, ISD 595 East Grand Forks, Southwest Water Authority and City of Bagley.

There are no disciplinary actions taken or pending against the firm or any associates of the firm by any State Board of Accountancy or any state regulatory bodies or professional organizations.

The firm is properly licensed and registered to practice in the State of North Dakota.



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F 334 956 5090

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MONTGOMERY,  
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36101-0096

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ALABAMA  
36104-2591

Alabama  
Montgomery  
Auburn/Opelika  
Dothan  
Prattville  
Wetumpka  
Tennessee  
Nashville

### Report on the Firm's System of Quality Control

To the Shareholders  
Brady Martz & Associates, P.C.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brady Martz & Associates, P.C. (the firm) in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### Required Selections and Considerations

Engagements selected for review included (engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and an examination of a service organization (Service Organization Control (SOC 1) engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

## Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Brady Martz & Associates, P.C. in effect for the year ended March 31, 2018, has been suitably designed, and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brady Martz & Associates, P.C. has received a peer review rating of *pass*.

Jackson Thornton & Co., P.C.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
August 8, 2018

## SCOPE OF WORK STRATEGY

### OUR APPROACH

Our audit approach is based on our thorough understanding of your organization and its operations. Based on this understanding, we can adequately plan and execute your engagement to ensure the upmost efficiency of the services we provide you.

Building on our understanding of your organization, we will serve your needs through the following key components.

**Thoughtful planning creates efficiency.** There is a large amount of time and effort that goes into the planning stage of an audit due to professional standards. This additional time in the planning process leads to a more effective and efficient audit. However, we have the benefit of not needing as much time up front because we are already very familiar with other cities. This will lead to shorter turn-around times and greater efficiencies throughout the process.

**Communication.** Successful engagements have one common factor: ongoing communication. We will work collaboratively with the City of West Fargo to establish a method of communication that fits your needs. As a Brady Martz client, communication is highly encouraged throughout the engagement.

**Planning meeting.** At the outset of our engagement, we schedule a planning meeting with your management team. We also schedule meetings as needed to review our recommendations.

**Scheduling and committed staff.** We strive to balance our staff development with the efficiencies gained by allowing our staff to work on an engagement for years. Consequently, we believe you will see a lower level of staff turnover on your engagement when compared to other firms in the area. This results in a more efficient audit, minimizes the risk of engagement problems, and causes less frustration for you.

**Respecting your time.** We will interact with your staff in a professional manner that respects their time and recognizes that they have additional tasks in addition to helping with our audit.

**Strictly-kept deadlines.** We realize that there are deadlines with respect to presenting the City's financial statements to management and to the City Commission. We take pride in our ability to honor our deadlines. Absent events beyond our control, we will honor all deadlines established with you in the planning stage of our audit.

**Areas of emphasis.** As required by our profession, our approach is governed by our assessment of risk for various financial statement assertions. Our work will include gaining an understanding of and testing the internal control process, substantive tests, and extensive analytic procedures. Our emphasis may change as we assess risk associated with each area and gain more knowledge of the company.

**Technology.** The engagements will be performed using paperless software created called ProSystem Engagement. In addition, we also utilize IDEA, which is a data extraction software for selecting samples, reconciling data and exception reporting and recalculation. Our firm has been using these systems for more than 10 years. The City has the added benefit of our staff not having to learn your software systems because we have other clients utilizing Black Mountain software, which minimizes the amount of time you need to dedicate to the engagement.

## AUDIT OBJECTIVE

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We will report on required supplementary information in accordance with current guidance from the AICPA and GASB. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion.

The audit will cover the entire operations of the City. The objectives also include an examination of the City's compliance with relevant laws and regulations. Throughout our audit process we will examine for ways to assist the City with improving its internal controls in order to provide its services in a more efficient and effective manner.

## AUDIT TECHNIQUES

Our approach for this audit will include an emphasis on continuous and timely communication and coordination with the City's personnel, especially in the planning phases of the audit. We believe that coordinating tasks prior to performing significant audit fieldwork will result in an efficient use of personnel. The specific techniques to be used will depend on the current internal accounting control system in place.

During the planning stage of our audit, we will obtain an understanding of the current accounting internal controls through documentation of the activity cycles including, but not limited to: revenues/receipts and general disbursements. In evaluating internal controls we carefully assess the management control environment. Management controls are the most effective of the internal control environment. We will also evaluate the City's IT operations and its ability to generate timely and accurate financial information. We will audit through the computer system, not around it. At the specific financial statements account level, we will evaluate the detail controls for authorization and processing of transactions, as well as controls related to safeguarding and reporting functions.

## AUDIT RISKS

Based upon our past experience with other cities, review of the City of West Fargo's financial statements and our discussions with the City's personnel, we believe the following areas are the risk areas that we will focus our audit procedures on. These areas and our audit procedures may change after our actual planning process is performed including our review of the internal accounting controls.

- Cash and Investments
- Accounts Receivable and Related Revenue
- Capital Assets
- Long-term Debt, including Tax Increment Financing Districts
- Net Pension and OPEB Liabilities
- Federal Financial Assistance Programs, when applicable

## CONSIDERATION OF IT SECURITY & CONTROL

The scope of our procedures often includes documenting and testing information technology related to financial audit where transactions are electronically initiated, recorded, processed and reported. Evidential matter on the effectiveness of design and operations of controls is accumulated to support the assessment of risk. This entails us gathering an understanding of the benefits and risks of IT in financial reporting. The understanding and findings gathered have allowed us to better assess risk and properly plan our auditing procedures for the City. In addition, it has provided our clients with opportunities to better utilize technology and its related security.

# BradyMartz

Specialized skills may be required such as those of IT auditors and information security professionals. Our firm employs individuals with specific training in systems and IT auditing including members of the Information Systems Auditing and Control Association.

## LOCATION OF WORK

Brady Martz recognizes and understands there is a significant amount of on-site work required to perform this engagement. Our audit plan would be for the engagement team to be onsite for one week for fieldwork.

## PROJECT MANAGEMENT PLAN

We maintain an open line of communication with management of the City throughout the entire audit process from planning to completion to ensure all parties involved are aware of the status of the audits and the time lines. Based upon our proposed time line for fieldwork and staff assigned to the audits, we are confident we have resources and technical ability to complete the audits in a timely and cost effective manner.

## DELIVERY SCHEDULE

In accordance with the request for proposal, we propose the following delivery schedule for the audit of the North Dakota Department of Trust Lands:

Conduct an initial audit planning conference	Any time after award
Commencement of fieldwork*	July
Completion of fieldwork*	No later than July 31 <sup>st</sup> *
Delivery of preliminary report	On or before August 20 <sup>th</sup>
Delivery of final report	On or before August 31 <sup>st</sup>
Presentation to City Council	September, or any time after report issuance

\* Commencement of fieldwork (and pre-audit fieldwork) will be discussed with the management of the City.



## MANAGEMENT PLAN FOR THE AUDIT

### AUDIT TEAM MEMBERS

To provide the City of West Fargo with the most professional and qualified services, we will utilize the following members of the Bismarck and Fargo offices of Brady Martz.

**Mindy Piatz:** Mindy will serve as the engagement partner in charge of the audit and will be responsible for review of audit reports and conferences with audit executive staff. She will also be responsible for evaluation of significant audit issues and supervision of staff. Mindy will conduct the final review of audit workpapers.

**Brian Opsahl:** Brian will serve in the position of quality review and technical consultant of the audit. He will perform a second review of the financial statements and provide his technical assistance to the audit team, when necessary.

**Alex Gesellchen:** Alex will serve as the audit manager and will be responsible for audit supervision and audit coordination with the auditee. She will also coordinate the evaluation and testing of internal controls and perform a review of the audit work papers.

**Alexa Sanders:** Alexa will serve as staff on the audit and will work in conjunction with Alex to perform testing work.

**Others:** Other qualified professionals from the Bismarck and Fargo offices will be assigned audit work appropriate to their current level of government experience. They will work under the supervision of the audit manager and engagement partner.



**MINDY PIATZ, CPA, SHAREHOLDER**

## Business Experience

Mindy is a shareholder (partner) located in the Bismarck office of Brady Martz. She has more than 15 years of experience practicing in public accounting. Her career emphasis has been in the auditing and tax areas, specializing in the government and nonprofit industries. She currently is the firm's government industry lead and coordinates training for the firm for new GASB pronouncements, Yellow Book compliance, and other governmental specific topics.

She devotes approximately 90% of her time to assurance and consulting services for governments and nonprofits, of which approximately a third of these audits are also single audits conducted in accordance with Uniform Guidance. Mindy serves as a technical reviewer for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

In addition, Mindy works extensively with the North Dakota Office of Management and Budget where she assists them with preparation of the CAFR for the State of North Dakota. Her duties require her to ensure the footnotes to the financial statements adhere to professional standards. She has assisted OMB in the implementation of many GASB pronouncements.

Specifically, Mindy has served on the following audits and consulting arrangements involving governments:

- City of Mandan
- City of Grand Forks
- City of Beulah
- North Dakota Housing Finance Agency
- ND Department of Trust Lands
- Job Service North Dakota
- State of North Dakota OMB - CAFR
- North Dakota Public Finance Agency
- Bismarck Public Schools District
- Dickinson Public Schools District
- Bismarck Parks and Recreation District
- Minot Park and Recreation District
- Burleigh County Housing Authority
- Morton County Housing Authority
- Eddy County
- Divide County

## Education

Bachelor of Accountancy, North Dakota State University, Fargo, North Dakota

## Professional Associations and Credentials

- American Institute of Certified Public Accountants
- North Dakota Certified Public Accountants Society
- Government Finance Officers Association
- AICPA Advanced Certificate in Single Audits

## CPE Summary (Last two years)

Government Auditing	33.5 hours
Government Accounting	37.5 hours
Single Audit	6 hours



**BRIAN OPSAHL, CPA, SHAREHOLDER**

## Business Experience

Brian is a shareholder (partner) located the Grand Forks office of Brady Martz. He has more than 17 years of experience practicing in public accounting. His major emphasis has been in the auditing area throughout his career. He specializes in the government and nonprofit industries.

He devotes approximately 95% of his time to assurance and consulting services for governments and nonprofits, of which several of these audits are also single audits conducted in accordance with Uniform Guidance. Brian also serves as a technical reviewer for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

Specifically, Brian has served on following audits involving governments:

- City of Grand Forks
- Clay County Housing Authority
- City of Mayville
- Cass County Housing Authority
- City of Mahanomen
- Benson County
- Grand Forks Housing Authority
- Sioux Falls Housing & Redevelopment Commission
- Grand Forks Public School District
- Moorhead Public Housing Agency
- Grafton Public School District
- Grand Forks Park District

## Education

Bachelor of Accountancy, Minnesota State University, Moorhead, Moorhead, Minnesota

## Professional Associations and Credentials

- American Institute of Certified Public Accountants
- North Dakota Certified Public Accountants Society
- AICPA Advanced Certificate in Single Audits

## CPE Summary (Last two years)

Government Auditing	32 hours
Government Accounting	20.5 hours
Single Audit	12 hours



**ALEX GESELLCHEN, CPA, MANAGER**

## Business Experience

Alex is a manager located in the Bismarck office of Brady Martz. She has more than 5 years of accounting experience. Her focus is in the auditing and tax areas, specializing in the government and not-for-profit industries.

She devotes approximately 85% of her time to assurance and consulting services for non-profits and governmental entities.

Specifically, Alex has served on following audits and consulting engagements involving governmental entities:

- ND Department of Trust Lands
- Job Service North Dakota
- ND Building Authority
- State of ND – CAFR consultant
- Burleigh County Housing Authority
- Bismarck Public Schools District
- Bismarck Parks and Recreation District
- Minot Park District
- Southwest Water Authority
- City of Mandan
- City of Beulah
- Jamestown Airport Authority
- Stutsman Rural Water District

## Education

Bachelor of Science in Business Administration with emphasis in Accounting, Dickinson State University, Dickinson, North Dakota

## Professional Associations and Credentials

- American Institute of Certified Public Accountants
- North Dakota Certified Public Accountants Society
- AICPA Intermediate Certificate in Single Audit

## CPE Summary (Last two years)

Government Auditing	52.5 hours
Government Accounting	25.5 hours
Single Audit	18.5 hours



## ALEXA SANDERS, SENIOR ASSOCIATE

### Business Experience

Alexa is a senior associate located in the Fargo office of Brady Martz. She has more than 3 years of accounting experience. Her focus is in the auditing and tax areas, specializing in the government and not-for-profit industries.

She devotes approximately 85% of her time to assurance and consulting services for non-profits and governmental entities.

- ND Department of Trust Lands
- Burleigh County Housing Authority
- Dickinson Public Schools District
- Yellowstone School District
- Bismarck Parks and Recreation District
- City of Beulah
- Southwest Water Authority
- Stutsman Rural Water District
- Eddy County
- Divide County
- ND State Plumbing Board
- ND Board of Medicine
- ND State Electrical Board

### Education

Bachelor of Accountancy, North Dakota State University, Fargo, North Dakota

### Professional Associations and Credentials

- American Institute of Certified Public Accountants
- North Dakota Certified Public Accountants Society

### CPE Summary (Last two years)

Government Auditing	49.5 hours
Government Accounting	31 hours
Single Audit	2 hours

## METHODOLOGY

### PLANNING

Meetings and discussion with personnel from the City to discuss audit concerns and significant laws and regulations.

Final identification of the applicable laws and regulations and the assessment of the risk of material non-compliance with those identified.

Based upon the above assessment and materiality, we will design audit procedures to test compliance with those applicable laws and regulations.

Obtain an understanding and documentation of the internal control system (including controls surrounding information systems). Evaluate the internal controls for each transaction type and cycle, which will be relied upon.

Design internal control tests based upon a 90% confidence level and our assessment of inherent risk and control risk.

Gather information through inquiries of management and other operating personnel to determine specific risks due to fraud. Respond to these risks and design audit procedures based upon risk.

Perform preliminary analytical procedures including a comparison to prior years' activity and budgeted activity in addition to predictive testing.

Review of all significant City Commission minutes.

Update our permanent files for significant agreements, contracts, ordinances and legal documents.

Preparation of confirmations for those accounts to be confirmed.

Obtain or assist in preparation of the schedule of expenditures of federal awards including current and cumulative grant expenditures, if applicable.

Based upon results and findings of our initial planning, we will develop an audit plan that contains procedures, which will effectively and efficiently reduce risk to an appropriately low level necessary for issuing an opinion. We will conduct both substantive and control tests.

### AUDIT FIELDWORK FOR FINANCIAL STATEMENTS

Test material account balances through substantive audit procedures.

Confirm and reconcile cash balances.

Confirm and reconcile investment balances.

Agree depreciation schedule for fixed assets to trial balance. Additional tests for fixed assets may include review of supporting documentation for large new purchases, review for proper accounting treatment of fixed assets disposed of and review repair and maintenance accounts for any additional items that should be capitalized.

Agree material receivables to subsequent collections. And review supporting documentation

Reconcile grant revenues and expenses.

Review disbursements paid after yearend for proper recording.

Perform analytical procedures / review of payroll and payroll related expenses.

Confirm and reconcile debt activity.

Perform census testing over employees participating in NDPERS pension and OPEB plans.

Test a sample of the City's expenditures for proper support and approval.

Preparation of the draft financial statements, which would be subject to management's approval.

## **AUDIT FIELDWORK FOR FEDERAL AWARDS (IF APPLICABLE)**

Use a risk-based approach to determine major federal programs in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Determine Type A programs based upon 3% of total federal awards expended by the City during the fiscal year.

Identify Type A programs which are low-risk based upon such factors as, whether the program has been audited as a major program in at least one of the two most recent audit periods, whether those audits reported any program findings, weaknesses in internal controls, subrecipient involvement in the program, change in personnel and / or systems, oversight exercised by the Federal Agencies, identification by the Federal Agency as a high risk program, and the inherent risk of the program.

Identify Type B programs that are high-risk. In accordance with Uniform Guidance, one high-risk Type B program will be audited as a major program for each Type A program that has been identified as low-risk. We will select those high-risk Type B programs that have not been audited as a major program in the past.

For the testing of each major federal program, we will obtain from the City a database of all expenditures charged to that program, whenever feasible. Through the use of the IDEA software, we will use that database to determine the sample for expenditure, eligibility and allowability testing. We will also use IDEA software to analytically review the database for unusual or significant transactions that will specifically be tested and examined.

Compliance with federal requirements of the drawdown of federal funds will be tested by selecting a sample of the drawdowns and agreeing the amounts to the City's financial records. This testing will include an examination of the clearing dates of the checks disbursed by the City and calculation of the estimated amounts clearing each day.

For major programs tested, we will determine the applicable compliance requirements by reviewing OMB's Compliance Supplement, CFDA website, grant award and any other notification received from the grantor.

## REFERENCES

Following is a list of some of our firm's current engagements in which our proposed team members for your audit participated in the engagement. We encourage you to contact these individuals to learn about our firm's experience providing high quality and timely services.

Greg Welch, Finance Director  
City of Mandan  
205 2<sup>nd</sup> Ave NW, Mandan, ND 58554  
[gwelch@cityofmandan.com](mailto:gwelch@cityofmandan.com)  
(701) 667-3213

Heather Ferebee, City Auditor  
City of Beulah  
P.O. Box 910, Beulah, ND 58523  
[hfbelah@westriv.com](mailto:hfbelah@westriv.com)  
(701) 873-4637

Maureen Storstad, CPA, Finance Director  
City of Grand Forks  
255 N 4<sup>th</sup> St, Grand Forks, ND 58201  
[mstorstad@grandforksgov.com](mailto:mstorstad@grandforksgov.com)  
(701-787-3776)

Rachel Kmetz, Accounting Manager  
North Dakota Office of Management & Budget  
600 E Boulevard #110, Bismarck, ND 58505  
[rkmetz@nd.gov](mailto:rkmetz@nd.gov)  
(701) 328-1530

Dwight Barden, Executive Director  
Burleigh County Housing Authority  
410 S 2<sup>nd</sup> St, Bismarck, ND 58504  
[Dwight@bchabis.com](mailto:Dwight@bchabis.com)  
(701) 255-2540

Randy Bina, Executive Director  
Bismarck Parks and Recreation District  
400 E Front Ave, Bismarck, ND 58504  
[RBina@bisparks.org](mailto:RBina@bisparks.org)  
(701) 222-6453



## COST PROPOSAL

### FINANCIAL STATEMENT AUDIT FEE

These fees are based on the anticipated time required to complete the audit with cooperation of your staff. Should we encounter unusual or unexpected problems which would cause us to be unable to continue the audit; we will promptly notify you of such and obtain your approval prior to performing any additional services which will result in fees exceeding the above estimated amounts. We estimate our all-inclusive fees as follows:

Fiscal Year 2019	\$50,000
Fiscal Year 2020	\$52,000
Fiscal Year 2021	\$54,000
Total	\$156,000

These fees include preparation of the draft financial statements and all out-of-pocket expenses incurred.

### SINGLE AUDIT FEE

The above fee estimate does include performing a single audit under Uniform Guidance. If due to a change in federal funding where the City is required to have a single audit performed, our fee would be \$3,000. If more than one program is required to be audited as a major program in the year, an additional fee of \$2,800 will be charged to audit each additional program.

### CONSULTING FEE

We welcome phone calls to resolve minor questions and do not charge for that time. Any consultation or special services that requires additional research and / or time provided by our firm would be billed out at our standard hourly rates, which vary from \$90 to \$350 per hours depending on the experience of the personnel utilized.



**CITY OF WEST FARGO, ND**

**Request for Proposal**

**Audit Services**

**For The Period**

**12/31/2019 to 12/31/2021**

**Proposal due no later than: 2:00 pm, April 2, 2020**

**Submit to:**

**City of West Fargo**

**Jim Larson, Finance Director**

**800 4<sup>th</sup> Ave E, STE 1**

**West Fargo, ND 58078**

## A. Purpose

This Request for Proposal (RFP) is seeking qualified and experienced respondents from interested persons or firms to submit a proposal for providing certified public accounting (CPA) annual financial auditing services to the City of West Fargo (CITY) for the year ending December 31, 2019, 2020, and 2021.

## B. Instructions on Proposal Submission

### 1. Closing Submission Date

Proposals must be received by the CITY no later than 2:00 pm, April 2, 2020

### 2. Inquiries

Inquiries concerning this RFP should be directed to Jim Larson, Finance Director at the 800 4<sup>th</sup> Ave E, West Fargo, 701-433-5302 ([Jim.Larson@WestFargoND.gov](mailto:Jim.Larson@WestFargoND.gov)) indicated on the front cover of this RFP.

### 3. Conditions of Proposal

All costs incurred in the preparation of a proposal will be the responsibility of the Offeror and will not be reimbursed by the CITY.

### 4. Instructions to Prospective Firms

The following proposed schedule will apply to this RFP:

Issuance of RFP	March 18, 2020
Inquiries	March 18-27, 2020
Response to submitted inquiries	March 28, 2020
Proposals Due	April 2, 2020
Potential Interviews w/ Firm	April 6-9, 2020
Award of Contract	April 20, 2020 or May 4, 2020

Please include two hard copies and one electronic copy of your proposal.

The CITY reserves the right to consider the qualifications of all bidders, as well as bid amounts, in awarding this agreement. The agreement will not necessarily be awarded to the lowest bidder.

It is the responsibility of the Offeror to ensure that the proposal is received by the CITY by the date specified above.

The following request for proposal and enclosures summarize the pertinent information regarding our organization and identifies the qualifications on which we will evaluate firms.

**Please contact us promptly to notify us of your firm's intent to bid on this engagement.**

### **C. SCOPE OF SERVICES**

Three year bid to include:

- Annual financial audit of the CITY
  - An opinion report on the financial statements,
  - A report on the study and evaluation of internal control structure, and
  - A report on the City's control systems to assure compliance and whether the City has complied with laws and regulations.

### **D. FORMAT**

The following criteria will be considered in the evaluation and selection of the Bidder:

#### **1. COMPANY EXPERIENCE AND QUALIFICATIONS**

- a) A list of governmental agencies you are currently auditing.
- b) Experience with the Federal Single Audit Act requirements.
- c) Number of annual CPE hours in governmental auditing, governmental accounting, and the Federal Single Audit Act by individuals who would be performing work on the audit.
- d) Ability to complete the audit by June 30, 2020
- e) Ability to present findings at a formal City Council meeting in August of 2020.
- f) Please provide a copy of your firm's most recent peer review report.

#### **2. KEY PERSONNEL AND RESOURCES AVAILABLE**

- a) Proposers must identify the anticipated members of their firm that will work on the financial audit and single audit. Identify audit managers, field supervisors and other key staff who will work on the audit. Describe the staff audit experience, education and certifications for each of the auditors who will work on the financial audit and single audit. Resumes describing relevant experience, professional memberships and continuing education should be included as an attachment.
- b) Describe the firm's experience and involvement with organizations such as AICPA, GFOA, etc. and the firm's expertise and ability to provide consultation and CPE to City staff.

#### **3. PROJECT UNDERSTANDING**

- a) Submit a work plan to accomplish the scope of work. Proposers should demonstrate a general understanding of the needs of a City from an auditing firm. As part of their service understanding documentation, Proposer's should address their availability to meet the City's needs.
- b) Provide a brief description of any other services that your firm could provide the City and an approximation of the hourly charge for each service. Such services may be contracted for on an "as-needed-basis" and billed separately.

#### **4. REFERENCES**

- a) Proposer must demonstrate successful past performance of the firm's ability to provide services as set forth in this specification. Proposers must detail at least five (5) references to document experience, with at least three (3) of the references being governmental entities and entities requiring a Single Audit occurring within the last three years.

#### **5. COST OF SERVICES**

- a) The Fee Proposal must list the total dollar amounts, including out-of-pocket costs, for the Audit Services.

**6. ADDITIONAL INFORMATION**

- a) Please provide any other information you feel would help the Selection Committee evaluate your firm for this project.

We look forward to hearing from you.

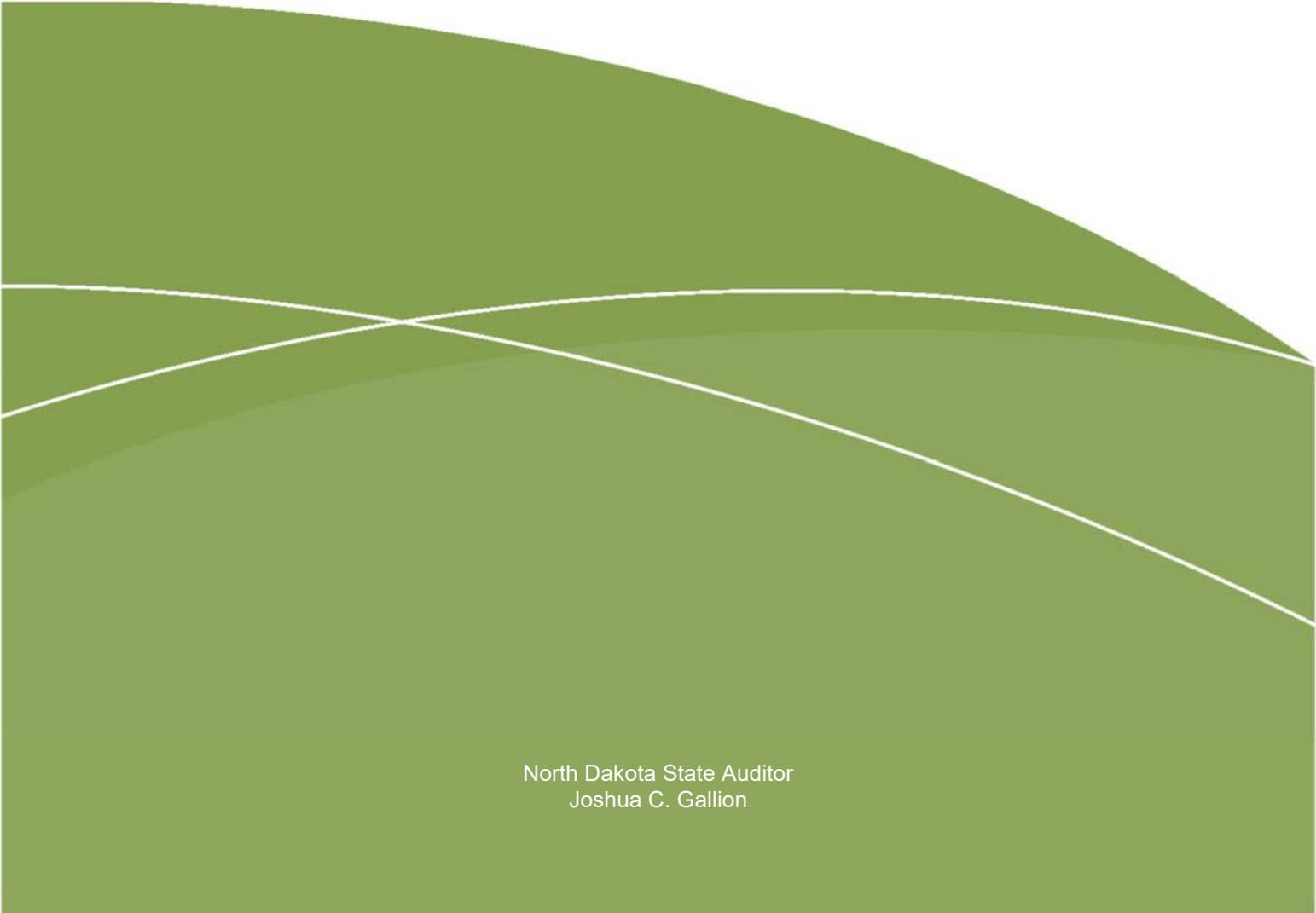
Sincerely,

Jim Larson, CPA  
Finance Director

North Dakota Office of the State Auditor  
Division of Local Government

City of West Fargo

Audit Report for the Year Ended December 31, 2018  
Client Code PS9120



North Dakota State Auditor  
Joshua C. Gallion

# CITY OF WEST FARGO

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# CITY OF WEST FARGO

City Officials and Audit Personnel  
December 31, 2018

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## CITY OFFICIALS

President/Mayor	Bernie Davis
Vice-President	Mike Thorstad
Commissioner	Eric Gjerdevig
Commissioner	Mark Simmons
Commissioner	Brad Olson
City Administrator	Tina Fisk
Finance Director	Jim Larson
Police Chief	Heith Janke
Public Works Director	Chris Brungardt
Planning Director	Tim Solberg
Human Resources Administrator	Jenna Wilm
City Attorney	John Shockley

## AUDIT PERSONNEL

Audit Manager	Craig Hashbarger, CPA, CIA, CFE
Lead Auditor	Rick Kremer

**STATE AUDITOR**

JOSHUA C. GALLION  
Phone (701) 328-2241



Local Government Division  
FARGO OFFICE  
MANAGER – CRAIG HASHBARGER  
Phone (701)239-7250

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
FARGO OFFICE BRANCH  
1655 43<sup>RD</sup> STREET SOUTH, SUITE 203  
FARGO, NORTH DAKOTA 58103

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**INDEPENDENT AUDITOR'S REPORT**

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Board of City Commissioners  
City of West Fargo  
West 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 West Fargo, North Dakota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of West Fargo'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 of West Fargo, North Dakota, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and the notes to the required supplementary information*, as listed in the table of contents, 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.

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of the City of West Fargo's internal control over financial reporting and on 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 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 City of West Fargo's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
December 31, 2019

# CITY OF WEST FARGO

Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash And Investments	\$ 77,920,234	\$ 12,282,945	\$ 90,203,179
Restricted Cash	1,758,181	-	1,758,181
Accounts Receivable	225,377	904,916	1,130,293
Intergovernmental Receivable	1,744,574	-	1,744,574
Storefront Loans Receivable	79,976	-	79,976
TIF Loans Receivable	1,762,289	-	1,762,289
Taxes Receivable	142,612	-	142,612
Due From County	278,152	-	278,152
Special Assessments Receivable	235,845,007	-	235,845,007
Capital Assets			
Nondepreciable	109,709,619	1,857,610	111,567,229
Depreciable	106,432,655	283,578,752	390,011,407
Total Assets	<u>\$ 535,898,676</u>	<u>\$ 298,624,223</u>	<u>\$ 834,522,899</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	<u>\$ 5,908,239</u>	<u>\$ 1,553,109</u>	<u>\$ 7,461,348</u>
<b>LIABILITIES</b>			
Accounts & Accrued Expenses Payable	\$ 352,673	\$ 236,176	\$ 588,849
Construction Payable	1,126,938	-	1,126,938
Salaries & Benefits Payable	496,837	133,334	630,171
Court Deposits Payable	76,520	-	76,520
Retainages Payable	1,481,282	-	1,481,282
Interest Payable	1,813,998	98,839	1,912,837
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	18,163,402	665,000	18,828,402
Compensated Absences	190,450	48,400	238,850
Due Outside One Year			
Long-Term Debt	312,191,890	11,935,000	324,126,890
Compensated Absences	1,714,051	435,600	2,149,651
Net Pension & OPEB Liability	12,105,146	3,182,100	15,287,246
Total Liabilities	<u>\$ 349,713,187</u>	<u>\$ 16,734,449</u>	<u>\$ 366,447,636</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	<u>\$ 639,484</u>	<u>\$ 168,102</u>	<u>\$ 807,586</u>
<b>NET POSITION</b>			
Net Investment In Capital Assets	\$ 119,881,651	\$ 272,836,362	\$ 392,718,013
Restricted			
Culture & Recreation	539,108	-	539,108
Economic Development	1,776,576	-	1,776,576
Other Special Purposes	476,483	-	476,483
Capital Projects	12,064,789	-	12,064,789
Debt Service	36,990,313	-	36,990,313
Loans	1,842,265	-	1,842,265
Unrestricted	17,883,059	10,438,419	28,321,478
Total Net Position	<u>\$ 191,454,244</u>	<u>\$ 283,274,781</u>	<u>\$ 474,729,025</u>

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

# CITY OF WEST FARGO

## Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>							
General government	\$ 4,234,991	\$ 1,646,394	\$ 85,777	\$ -	\$ (2,502,820)		\$ (2,502,820)
Public safety	10,456,325	342,380	268,470	-	(9,845,475)		(9,845,475)
Public works/streets	14,128,091	2,069,128	2,246,091	39,796,467	29,983,595		29,983,595
Economic development	1,679,183	-	-	-	(1,679,183)		(1,679,183)
Conserv. of natural resources	245,719	-	-	-	(245,719)		(245,719)
Culture and recreation	2,023,100	2,670	-	-	(2,020,430)		(2,020,430)
Interest & costs on long-term debt	9,414,660	-	-	-	(9,414,660)		(9,414,660)
<b>Total Governmental Activities</b>	<b>\$ 42,182,069</b>	<b>\$ 4,060,572</b>	<b>\$ 2,600,338</b>	<b>\$ 39,796,467</b>	<b>\$ 4,275,308</b>		<b>\$ 4,275,308</b>
<b>Business-Type Activities</b>							
Water and sewer	\$ 16,856,019	\$ 9,210,405	\$ -	\$ -		\$ (7,645,614)	
Health and sanitation	3,540,327	3,449,175	-	-		(91,152)	
<b>Total Business-Type Activities</b>	<b>\$ 20,396,346</b>	<b>\$ 12,659,580</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ (7,736,766)</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 62,578,415</b>	<b>\$ 16,720,152</b>	<b>\$ 2,600,338</b>	<b>\$ 39,796,467</b>	<b>\$ 4,275,308</b>	<b>\$ (7,736,766)</b>	<b>\$ 4,275,308</b>
<b>General Revenues</b>							
Taxes							
Property taxes					\$ 13,278,291	\$ -	\$ 13,278,291
Sales taxes					10,669,380	-	10,669,380
Unrestricted Revenues					2,782,956	-	2,782,956
Unrestricted investment interest earnings					869,986	61,902	931,888
Miscellaneous income					461,285	189,486	650,771
Capital Asset Transfers					(15,967,803)	15,967,803	-
Net Cash Transfers					1,704,785	(1,704,785)	-
<b>Total General Revenues and Transfers</b>					<b>\$ 13,798,880</b>	<b>\$ 14,514,406</b>	<b>\$ 28,313,286</b>
<b>Change in Net Position</b>					<b>\$ 18,074,188</b>	<b>\$ 6,777,640</b>	<b>\$ 24,851,828</b>
Net Position - January 1					\$ 173,994,209	\$ 276,824,840	\$ 450,819,049
Prior Period Adjustments					(614,153)	(327,699)	(941,852)
<b>Net Position - January 1, as restated</b>					<b>\$ 173,380,056</b>	<b>\$ 276,497,141</b>	<b>\$ 449,877,197</b>
<b>Net Position - December 31</b>					<b>\$ 191,454,244</b>	<b>\$ 283,274,781</b>	<b>\$ 474,729,025</b>

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

# CITY OF WEST FARGO

Balance Sheet – Governmental Funds  
December 31, 2018

	General Fund	Sales Tax Fund	Debt Service Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 24,747,512	\$ 2,619,903	\$ 38,532,711	\$ 7,548,700	\$ 4,471,408	\$ 77,920,234
Restricted Cash	-	-	-	1,754,586	3,595	1,758,181
Accounts Receivable	152,032	-	-	4,600	68,745	225,377
Intergovernmental Receivable	569,706	994,882	-	-	179,986	1,744,574
TIF Loans Receivable	-	-	-	-	1,762,289	1,762,289
Storefront Loans Receivable	-	-	-	-	79,976	79,976
Taxes Receivable	91,026	-	19,143	-	32,443	142,612
Special Assessments Receivable	-	-	235,575,951	269,056	-	235,845,007
Due From County	18,901	-	252,457	-	6,794	278,152
Due From Other Funds	36,516	-	-	-	-	36,516
<b>Total Assets</b>	<b>\$ 25,615,693</b>	<b>\$ 3,614,785</b>	<b>\$ 274,380,262</b>	<b>\$ 9,576,942</b>	<b>\$ 6,605,236</b>	<b>\$ 319,792,918</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 335,884	\$ -	\$ -	\$ -	\$ 16,789	\$ 352,673
Salaries Payable	414,509	-	-	-	82,328	496,837
Construction Payable	-	-	-	1,126,938	-	1,126,938
Municipal Court Bonds Payable	-	-	-	-	76,520	76,520
Due To Other Funds	-	-	-	-	36,516	36,516
<b>Total Liabilities</b>	<b>\$ 750,393</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,126,938</b>	<b>\$ 212,153</b>	<b>\$ 2,089,484</b>
<b>Deferred Inflows of Resources</b>						
Deferred Taxes & Special Assmts. Rec.	\$ 91,026	\$ -	\$ 235,595,094	\$ -	\$ 32,443	\$ 235,718,563
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 841,419</b>	<b>\$ -</b>	<b>\$ 235,595,094</b>	<b>\$ 1,126,938</b>	<b>\$ 244,596</b>	<b>\$ 237,808,047</b>
<b>Fund Balances</b>						
<b>Non-Spendable</b>						
Loans Receivable	\$ -	\$ -	\$ -	\$ -	\$ 1,842,265	\$ 1,842,265
<b>Restricted</b>						
Debt Service	-	-	38,785,168	-	-	38,785,168
Capital Project Funds	-	-	-	8,450,004	-	8,450,004
General Government	-	-	-	-	163,320	163,320
Public Safety	-	-	-	-	235,652	235,652
Public Works/Streets	-	-	-	-	556,904	556,904
Culture & Recreation	-	-	-	-	954,163	954,163
Economic Development	-	-	-	-	1,956,412	1,956,412
Other	-	-	-	-	473,315	473,315
<b>Committed</b>						
Sales Tax Fund	-	3,614,785	-	-	-	3,614,785
Culture & Recreation	-	-	-	-	42,688	42,688
Public Safety	-	-	-	-	4,197	4,197
Future Building Fund	-	-	-	-	131,724	131,724
<b>Unassigned</b>						
General Fund	24,774,274	-	-	-	-	24,774,274
<b>Total Fund Balances</b>	<b>\$ 24,774,274</b>	<b>\$ 3,614,785</b>	<b>\$ 38,785,168</b>	<b>\$ 8,450,004</b>	<b>\$ 6,360,640</b>	<b>\$ 81,984,871</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,615,693</b>	<b>\$ 3,614,785</b>	<b>\$ 274,380,262</b>	<b>\$ 9,576,942</b>	<b>\$ 6,605,236</b>	<b>\$ 319,792,918</b>

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

# CITY OF WEST FARGO

## Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position December 31, 2018

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<b>Total Fund Balances of Governmental Funds</b>		\$ 81,984,871
Total Net Position reported for governmental activities in the statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		216,142,274
Property taxes and special assessments will be collected after year- end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds.		
Special Assessments Receivable	\$ 235,575,951	
Uncollected Taxes Receivable	<u>142,612</u>	235,718,563
Retainages payable are not a fund liability, but are accrued for government-wide purposes as those liabilities will be liquidated at the completion of capital projects.		(1,481,282)
Deferred outflows and inflows of resources related to pensions & OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Pension & OPEB Deferred Inflows of Resources	\$ (639,484)	
Pension & OPEB Deferred Outflows of Resources	<u>5,908,239</u>	5,268,755
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Long-Term Debt	\$ (330,355,292)	
Interest Payable	(1,813,998)	
Compensated Absences	(1,904,501)	
Net Pension & OPEB Liability	<u>(12,105,146)</u>	<u>(346,178,937)</u>
<b>Total Net Position - Governmental Activities</b>		<u><u>\$ 191,454,244</u></u>

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

# CITY OF WEST FARGO

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2018

	General Fund	Sales Tax Fund	Debt Service Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 8,110,494	\$ -	\$ 1,955,595	\$ -	\$ 3,180,813	\$ 13,246,902
Special Assessments	244,048	-	26,084,475	22,818	-	26,351,341
Sales Taxes	-	10,669,380	-	-	-	10,669,380
Licenses, Permits and Fees	3,372,761	-	-	-	3,371	3,376,132
Charges for Services	-	-	-	-	190,205	190,205
Intergovernmental	2,358,491	-	-	585,287	2,439,516	5,383,294
Fines, Forfeitures and Penalties	494,235	-	-	-	-	494,235
Interest	302,267	45,038	233,041	155,902	133,738	869,986
Miscellaneous	53,557	-	-	156,436	251,292	461,285
<b>Total Revenues</b>	<b>\$ 14,935,853</b>	<b>\$ 10,714,418</b>	<b>\$ 28,273,111</b>	<b>\$ 920,443</b>	<b>\$ 6,198,935</b>	<b>\$ 61,042,760</b>
<b>EXPENDITURES</b>						
Current						
General Government	\$ 5,704,101	\$ -	\$ -	\$ -	\$ 246,823	\$ 5,950,924
Public Safety	7,193,233	-	-	-	1,593,726	8,786,959
Public Works	2,676,633	-	-	-	121,849	2,798,482
Economic Development	214,690	-	-	79,999	1,316,576	1,611,265
Culture and Recreation	-	-	-	-	1,898,274	1,898,274
Conservation of Natural Resources	-	-	-	-	245,719	245,719
Capital Outlay	-	-	377,507	44,523,121	-	44,900,628
Debt Service						
Principal	-	-	28,317,888	-	-	28,317,888
Interest	-	-	9,365,958	-	-	9,365,958
Fiscal Charges & Fees	-	-	55,987	-	-	55,987
<b>Total Expenditures</b>	<b>\$ 15,788,657</b>	<b>\$ -</b>	<b>\$ 38,117,340</b>	<b>\$ 44,603,120</b>	<b>\$ 5,422,967</b>	<b>\$ 103,932,084</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (852,804)	\$ 10,714,418	\$ (9,844,229)	\$ (43,682,677)	\$ 775,968	\$ (42,889,324)
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Proceeds	\$ -	\$ -	\$ 9,275,000	\$ 75,290,000	\$ -	\$ 84,565,000
Bond Premium	-	-	547,384	1,763,832	-	2,311,216
Bond Discount	-	-	(92,750)	(774,123)	-	(866,873)
Transfers In	3,408,384	-	10,201,243	14,996,856	2,476,513	31,082,996
Transfers Out	(19,068)	(16,285,604)	(7,886,197)	(3,542,790)	(1,644,552)	(29,378,211)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 3,389,316</b>	<b>\$ (16,285,604)</b>	<b>\$ 12,044,680</b>	<b>\$ 87,733,775</b>	<b>\$ 831,961</b>	<b>\$ 87,714,128</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,536,512</b>	<b>\$ (5,571,186)</b>	<b>\$ 2,200,451</b>	<b>\$ 44,051,098</b>	<b>\$ 1,607,929</b>	<b>\$ 44,824,804</b>
Fund Balances - January 1	\$ 22,237,762	\$ 9,185,971	\$ 36,584,717	\$ (35,601,094)	\$ 4,752,711	\$ 37,160,067
Fund Balances - December 31	\$ 24,774,274	\$ 3,614,785	\$ 38,785,168	\$ 8,450,004	\$ 6,360,640	\$ 81,984,871

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

# CITY OF WEST FARGO

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities For the Year Ended December 31, 2018

**Net Change in Fund Balances - Total Governmental Funds** \$ 44,824,804

The change in Net Position reported for governmental activities in the statement of activities is different because:

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.

Capital Asset Outlay	\$ 45,094,961	
Transfer of Capital Assets to Enterprise Activities	(15,967,803)	
Current Year Depreciation Expense	<u>(8,531,277)</u>	20,595,881

In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

(84,239)

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. Proceeds from long-term debt provides financial resources to the governmental funds, but increases long-term liabilities in the statement of net position.

Repayment of Debt	\$ 28,317,888	
Debt Proceeds	(84,565,000)	
Bond Premium	(2,311,216)	
Bond Discount	<u>866,873</u>	(57,691,455)

Bond premium amortization is a reduction to interest expense as it is amortized over the life of the outstanding bonds using the straight-line method. Bond discounts are amortized over the life of the bond using the straight-line method (as interest expense):

Discount Amortization	\$ (158,683)	
Premium Amortization	<u>422,596</u>	263,913

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (753,852)	
Net Change in Retainages Payable	(520,317)	
Net Change in Interest Payable	<u>(256,628)</u>	(1,530,797)

The net pension & OPEB liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Pension & OPEB Liability	\$ (2,512,349)	
Net Change in Deferred Inflows of Resources for Pensions & OPEB	(359,807)	
Net Change in Deferred Outflows of Resources for Pensions & OPEB	<u>1,091,722</u>	(1,780,434)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Change in Taxes Receivable		31,389
Net Change in Special Assessments Receivable		<u>13,445,126</u>

**Change in Net Position of Governmental Activities** \$ 18,074,188

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

**CITY OF WEST FARGO**Statement of Net Position – Proprietary Funds  
December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Funds	Sanitation & Health Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 10,823,794	\$ 1,459,151	\$ 12,282,945
Accounts receivable	605,934	298,982	904,916
Total Current Assets	<u>\$ 11,429,728</u>	<u>\$ 1,758,133</u>	<u>\$ 13,187,861</u>
Noncurrent Assets			
Capital Assets			
Depreciable	\$ 1,857,610	\$ -	\$ 1,857,610
Nondepreciable	281,425,150	2,153,602	283,578,752
Total Noncurrent Assets	<u>\$ 283,282,760</u>	<u>\$ 2,153,602</u>	<u>\$ 285,436,362</u>
Total Assets	<u>\$ 294,712,488</u>	<u>\$ 3,911,735</u>	<u>\$ 298,624,223</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	\$ 943,300	\$ 609,809	\$ 1,553,109
Total Assets & Deferred Outflows of Resources	<u>\$ 295,655,788</u>	<u>\$ 4,521,544</u>	<u>\$ 300,177,332</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 228,080	\$ 8,096	\$ 236,176
Salaries & benefits payable	84,604	48,730	133,334
Interest payable	98,839	-	98,839
Bonds payable	665,000	-	665,000
Compensated absences	31,538	16,862	48,400
Total Current Liabilities	<u>\$ 1,108,061</u>	<u>\$ 73,688</u>	<u>\$ 1,181,749</u>
Noncurrent Liabilities			
Bonds payable	\$ 11,935,000	\$ -	\$ 11,935,000
Compensated absences	283,842	151,758	435,600
Net Pension and OPEB Liability	1,932,688	1,249,412	3,182,100
Total Noncurrent Liabilities	<u>\$ 14,151,530</u>	<u>\$ 1,401,170</u>	<u>\$ 15,552,700</u>
Total Liabilities	<u>\$ 15,259,591</u>	<u>\$ 1,474,858</u>	<u>\$ 16,734,449</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	\$ 102,099	\$ 66,003	\$ 168,102
Total Liabilities & Deferred Inflows of Resources	<u>\$ 15,361,690</u>	<u>\$ 1,540,861</u>	<u>\$ 16,902,551</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 270,682,760	\$ 2,153,602	\$ 272,836,362
Unrestricted	9,611,338	827,081	10,438,419
Total Net Position	<u>\$ 280,294,098</u>	<u>\$ 2,980,683</u>	<u>\$ 283,274,781</u>

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

**CITY OF WEST FARGO**Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Funds	Sanitation & Health Fund	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 9,210,405	\$ 3,449,175	\$ 12,659,580
<b>OPERATING EXPENSES</b>			
Salaries	\$ 1,975,602	\$ 1,224,970	\$ 3,200,572
Water Purchases	3,268,935	-	3,268,935
Utilities	431,095	-	431,095
Landfill	-	1,068,006	1,068,006
Recycle Expense	-	764,828	764,828
Other Operating	1,346,428	323,128	1,669,556
Depreciation	9,209,839	159,395	9,369,234
Total Operating Expenses	\$ 16,231,899	\$ 3,540,327	\$ 19,772,226
Operating Income	\$ (7,021,494)	\$ (91,152)	\$ (7,112,646)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Earnings	\$ 43,803	\$ 18,099	\$ 61,902
Miscellaneous	189,486	-	189,486
Interest on Long-Term Debt	(624,120)	-	(624,120)
Total Nonoperating Revenue (Expenses)	\$ (390,831)	\$ 18,099	\$ (372,732)
Income Before Transfers	\$ (7,412,325)	\$ (73,053)	\$ (7,485,378)
Transfers In	\$ 15,967,803	\$ -	\$ 15,967,803
Transfers Out	(1,704,785)	-	(1,704,785)
Total Net Transfers	\$ 14,263,018	\$ -	\$ 14,263,018
Changes in Net Position	\$ 6,850,693	\$ (73,053)	\$ 6,777,640
Net Position - January 1	\$ 273,771,104	\$ 3,053,736	\$ 276,824,840
Prior Period Adjustments	(327,699)	-	(327,699)
Net Position - January 1, as restated	\$ 273,443,405	\$ 3,053,736	\$ 276,497,141
Net Position - December 31	\$ 280,294,098	\$ 2,980,683	\$ 283,274,781

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

# CITY OF WEST FARGO

Statement of Cash Flows – Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Operating	Sanitation & Health Fund	Total Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 9,244,768	\$ 3,450,334	\$ 12,695,102
Payments to Suppliers	(5,103,874)	(2,255,596)	(7,359,470)
Payments to Employees	(1,888,843)	(1,021,183)	(2,910,026)
Net Cash Provided by Operating Activities	\$ 2,252,051	\$ 173,555	\$ 2,425,606
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Miscellaneous Receipts	\$ 189,486	\$ -	\$ 189,486
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfer to Other funds	\$ (1,704,785)	\$ -	\$ (1,704,785)
Principal Paid on Capital Debt	(640,000)	-	(640,000)
Interest & Fees Paid on Capital Debt	(629,885)	-	(629,885)
Construction & Purchases of Capital Assets	(228,200)	(58,981)	(287,181)
Net Cash Used by Capital and Related Financing Activities	\$ (3,202,870)	\$ (58,981)	\$ (3,261,851)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income	\$ 43,803	\$ 18,099	\$ 61,902
Net Increase in Cash and Cash Equivalents	\$ (717,530)	\$ 132,673	\$ (584,857)
Cash and Cash Equivalents - January 1	\$ 11,541,324	\$ 1,326,478	\$ 12,867,802
Cash and Cash Equivalents - December 31	\$ 10,823,794	\$ 1,459,151	\$ 12,282,945
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (6,821,896)	\$ (91,152)	\$ (6,913,048)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation Expense	9,010,241	159,395	9,169,636
Change in Assets and Liabilities			
Accounts Receivable	34,363	1,159	35,522
Deferred Pension and OPEB Outflows	39,054	(87,599)	(48,545)
Accounts Payable	(57,416)	(99,634)	(157,050)
Salaries Payable	3,054	8,832	11,886
Compensated Absences	23,407	37,519	60,926
Net Pension and OPEB Liability	(23,813)	209,355	185,542
Deferred Pension and OPEB Inflows	45,057	35,680	80,737
Net Cash Provided (Used) by Operating Activities	\$ 2,252,051	\$ 173,555	\$ 2,425,606

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

**CITY OF WEST FARGO**

Statement of Fiduciary Assets and Liabilities – Agency Funds  
December 31, 2018

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 1,326,316</u>
<b>LIABILITIES:</b>	
Due to others	<u>\$ 1,326,316</u>

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

# CITY OF WEST FARGO

Notes to the Financial Statements  
For the Year Ended December 31, 2018

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## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West Fargo, North Dakota ("City") operates under a Home Rule Charter and various applicable sections in Title 40 of the North Dakota Century Code. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### Reporting Entity

The accompanying financial statements present the activities of the City. The City has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the City are such that exclusion would cause its financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

Based on these criteria, there are no component units to be included within the City as a reporting entity.

### Basis of Presentation

*Government-Wide Statements.* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds including its fiduciary funds. Separate statements for each fund category-*governmental, proprietary* and *fiduciary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The city reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Funds - Capital projects funds are used to account for financial resources, including special assessments, to be used for the acquisition or construction of major capital facilities, (other than those financed by proprietary funds and trust funds).

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. Revenue sources in this fund are restricted solely for debt retirement.

## **CITY OF WEST FARGO**

### Notes to the Financial Statements – Continued

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The City reports the following major enterprise funds:

Water & Sewer Fund – This fund accounts for the provisions of water and sewer services to residents of the City.

Health & Sanitation Fund – This fund accounts for the provisions of garbage pickup and landfill services to residents of the City.

Additionally, the City reports the following fund type.

Agency Funds – These funds account for assets by the City in a custodial capacity as an agent on behalf of others. The City's agency funds are used to account for property taxes collected on behalf of other governments.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. special assessments, intergovernmental revenues, charges for services and investment income are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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

### **Cash and Investments**

Cash includes amounts in demand deposits and money market accounts.

The investments of the City consist of certificates of deposit stated at cost with maturities in excess of three months.

### **Capital Assets**

Capital assets for the primary government are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

Capital assets are depreciated using the straight-line method over the following estimated useful lives (amounts in years):

Buildings	30 - 50
Land Improvements	30
Machinery & Equipment	5 - 20
Infrastructure	20 - 40

**Compensated Absences**

Vacation and Sick leave accruals are based on 26 pay periods. Employees not within the police department accrue vacation leave at a rate of 3.25 to 7.5 hours per pay period depending on years of service. Employees within the police department accrue vacation leave at a rate of 3.75 to 8.5 hours per pay period depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end. Upon termination vacation benefits that have accrued through the last day of work will be paid.

Sick leave is accrued at a rate of 3.75 to 5.75 hours per pay period for all employees. Up to 960 hours of sick leave may be carried over at each year-end. Upon termination employees with ten continuous years of service will be paid 50% of accumulated sick leave, not to exceed 480 hours. Employees hired prior to January 1, 2017 with 10 or more years of continuous service will receive an annual sick leave payout of 50% of any hours over 960 and 50% of sick leave paid out at time of termination unless the employee selected a full sick leave payout option.

A liability for vested or accumulated vacation and sick leave is reported in the statement of net position.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

**Pension**

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

**Other Post-Employment Benefits (OPEB)**

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

**Fund Balances**

*Fund Balance Spending Policy.* It is the policy of the City to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Non-spendable Fund Balances.* Non-spendable fund balances are reported for loans receivable in the Debt Service and Economic Development funds.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3<sup>rd</sup> parties (state and federal governments for various grants & reimbursements).

*Committed Fund Balances.* Committed fund balances are shown by primary function on the balance sheet. They have been committed by the governing boards City council action. They are committed in various special revenue funds.

*Unassigned Fund Balances.* Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

**Net Position**

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

**Interfund Transactions**

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Net position as of January 1, 2018 has been restated as follows for the correction of previously reported depreciation in the governmental and business-type activities.

Adjustments to beginning net position are outlined as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Water &amp; Sewer Fund</b>
Beginning Net Position, as Previously Reported	\$ 173,994,209	\$ 276,824,840	\$ 273,771,104
Adjustments to restate the January 1, 2018 net position			
Depreciation	(614,153)	(327,699)	(327,699)
Net Position January 1, as Restated	\$ 173,380,056	\$ 276,497,141	\$ 273,443,405

**NOTE 3 DEPOSITS****Custodial Credit Risk**

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the City would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The City does not have a formal policy regarding deposits that limits the amount they may invest in any one issuer.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

In accordance with North Dakota statutes, deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the state of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At December 31, 2018, the City's carrying amount of deposits was \$93,288,218 and the bank balances were \$95,557,946. Of the bank balances, \$75,599,248 was covered by Federal Depository Insurance, while the remaining balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**NOTE 4 PROPERTY TAXES**

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

**NOTE 5 CAPITAL ASSETS****Governmental Activities**

The following is a summary of changes in capital assets for the year ended 2018:

<b>Governmental Activities</b>	<b>Bal. Restated Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 14,752,650	\$ 2,500,567	\$ -	\$ -	\$ 17,253,217
Construction in Progress	87,240,598	41,546,825	-	(36,331,021)	92,456,402
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 101,993,248</b>	<b>\$ 44,047,392</b>	<b>\$ -</b>	<b>\$ (36,331,021)</b>	<b>\$ 109,709,619</b>
Capital Assets Being Depreciated					
Buildings	\$ 13,039,517	\$ -	\$ -	\$ -	\$ 13,039,517
Equipment	4,754,832	1,047,569	330,402	-	5,471,999
Land Improvements	13,687	-	-	-	13,687
Infrastructure	138,556,500	-	-	20,363,218	158,919,718
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 156,364,536</b>	<b>\$ 1,047,569</b>	<b>\$ 330,402</b>	<b>\$ 20,363,218</b>	<b>\$ 177,444,921</b>
Less Accumulated Depreciation					
Buildings	\$ 1,696,908	\$ 287,415	\$ -	\$ -	\$ 1,984,323
Equipment	2,470,097	510,808	246,163	-	2,734,742
Land Improvements	3,193	456	-	-	3,649
Infrastructure	58,556,954	7,732,598	-	-	66,289,552
<b>Total Accumulated Depreciation</b>	<b>\$ 62,727,152</b>	<b>\$ 8,531,277</b>	<b>\$ 246,163</b>	<b>\$ -</b>	<b>\$ 71,012,266</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 93,637,384</b>	<b>\$ (7,483,708)</b>	<b>\$ 84,239</b>	<b>\$ 20,363,218</b>	<b>\$ 106,432,655</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 195,630,632</b>	<b>\$ 36,563,684</b>	<b>\$ 84,239</b>	<b>\$ (15,967,803)</b>	<b>\$ 216,142,274</b>

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

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

<b>Governmental Activities</b>	
General Government	\$ 330,589
Public Safety	267,606
Public Works	7,933,082
<b>Total Depreciation Expense</b>	<b>\$ 8,531,277</b>

**Business-Type Activities**

The following is a summary of changes in capital assets for the year ended 2018:

<b>Business-Type Activities</b>	<b>Bal. Restated Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 1,857,610	\$ -	\$ -	\$ -	\$ 1,857,610
Capital Assets Being Depreciated					
Buildings	\$ 3,817,134	\$ -	\$ -	\$ -	\$ 3,817,134
Equipment	8,542,551	287,182	388,482	-	8,441,251
Land Improvements	3,751,796	-	-	-	3,751,796
Infrastructure	341,127,344	-	-	15,967,803	357,095,147
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 357,238,825</b>	<b>\$ 287,182</b>	<b>\$ 388,482</b>	<b>\$ 15,967,803</b>	<b>\$ 373,105,328</b>
Less Accumulated Depreciation					
Buildings	\$ 510,943	\$ 77,371	\$ -	\$ -	\$ 588,314
Equipment	5,755,926	341,448	388,482	-	5,708,892
Land Improvements	3,751,796	-	-	-	3,751,796
Infrastructure	70,527,159	8,950,415	-	-	79,477,574
<b>Total Accumulated Depreciation</b>	<b>\$ 80,545,824</b>	<b>\$ 9,369,234</b>	<b>\$ 388,482</b>	<b>\$ -</b>	<b>\$ 89,526,576</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 276,693,001</b>	<b>\$ (9,082,052)</b>	<b>\$ -</b>	<b>\$ 15,967,803</b>	<b>\$ 283,578,752</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 278,550,611</b>	<b>\$ (9,082,052)</b>	<b>\$ -</b>	<b>\$ 15,967,803</b>	<b>\$ 285,436,362</b>

Depreciation expense was charged to the following business-type functions:

<b>Business-Type Activities</b>	
Water & Sewer	\$ 9,209,839
Sanitation & Health	159,395
<b>Total Depreciation Expense</b>	<b>\$ 9,369,234</b>

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**NOTE 6 LONG-TERM LIABILITIES**

**Governmental Activities**

The following changes occurred in long-term liabilities for the year ended 2018:

<b>Governmental Activities</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Long Term Debt					
G.O. Bonds	\$ 5,715,000	\$ -	\$ 730,000	\$ 4,985,000	\$ 755,000
Special Assessment Bonds	246,915,000	84,565,000	27,060,000	304,420,000	16,515,000
Revenue Bonds	2,135,000	-	220,000	1,915,000	230,000
BND Drawdown	14,611,432	-	307,888	14,303,544	399,490
Bond Premium	4,788,489	2,311,216	422,595	6,677,110	422,595
Bond Discount	(1,237,171)	(866,874)	(158,683)	(1,945,362)	(158,683)
<b>Total Long Term Debt</b>	<b>\$ 272,927,750</b>	<b>\$ 86,009,342</b>	<b>\$ 28,581,800</b>	<b>\$ 330,355,292</b>	<b>\$18,163,402</b>
Compensated Absences *	\$ 1,150,649	\$ 753,852	\$ -	\$ 1,904,501	\$ 190,450
Net Pension & OPEB Liability	9,592,797	2,512,349	-	12,105,146	-
<b>Total Governmental Activities</b>	<b>\$ 283,671,196</b>	<b>\$ 89,275,543</b>	<b>\$ 28,581,800</b>	<b>\$ 344,364,939</b>	<b>\$18,353,852</b>

\* The change in compensated absences is shown as a net change.

Debt service requirements on long-term debt is as follows:

<b>GOVERNMENTAL ACTIVITIES</b>						
<b>Year Ending Dec. 31</b>	<b>G.O. Bonds</b>		<b>Special Assmt. Bonds</b>		<b>Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 755,000	\$ 198,778	\$ 16,515,000	\$ 10,152,983	\$ 230,000	\$ 66,403
2020	780,000	173,108	16,005,000	9,380,743	240,000	58,808
2021	810,000	144,248	59,280,000	8,331,759	245,000	50,949
2022	845,000	111,848	13,390,000	7,300,880	260,000	42,828
2023	880,000	77,203	12,695,000	6,784,650	470,000	31,095
2024 - 2028	915,000	39,803	57,235,000	27,260,238	185,000	88,213
2029 - 2033	-	-	55,310,000	17,189,712	105,000	58,600
2034 - 2038	-	-	50,230,000	7,794,137	145,000	27,375
2039 - 2043	-	-	23,760,000	1,538,325	35,000	875
<b>Total</b>	<b>\$ 4,985,000</b>	<b>\$ 744,988</b>	<b>\$ 304,420,000</b>	<b>\$ 95,733,427</b>	<b>\$ 1,915,000</b>	<b>\$ 425,146</b>

<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Year Ending Dec. 31</b>	<b>Drawdown Payable</b>		<b>Bond Premium</b>	<b>Bond Discount</b>
	<b>Principal</b>	<b>Interest</b>		
2019	\$ 399,490	\$ 369,404	\$ 422,595	\$ (158,683)
2020	490,813	278,081	422,595	(158,683)
2021	500,629	268,265	422,595	(150,723)
2022	510,642	258,252	353,584	(88,089)
2023	520,855	248,039	353,584	(88,089)
2024 - 2028	2,764,759	1,079,711	1,311,766	(363,155)
2029 - 2033	3,052,517	791,953	1,311,766	(363,155)
2034 - 2038	3,370,225	474,244	1,309,740	(363,155)
2039 - 2043	2,693,614	133,641	768,885	(211,630)
<b>Total</b>	<b>\$ 14,303,544</b>	<b>\$ 3,901,590</b>	<b>\$ 6,677,110</b>	<b>\$ (1,945,362)</b>

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**Business-Type Activities**

The following changes occurred in long-term liabilities for the year ended 2018:

<b>Business-Type Activities</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Long Term Debt					
Sewer Bonds	\$ 13,240,000	\$ -	\$ 640,000	\$ 12,600,000	\$ 665,000
Compensated Absences *	\$ 423,073	\$ 60,927	\$ -	\$ 484,000	\$ 48,400
Net Pension & OPEB Liability	2,996,558	185,542	-	3,182,100	-
<b>Total Business-Type Activities</b>	<b>\$ 16,659,631</b>	<b>\$ 246,469</b>	<b>\$ 640,000</b>	<b>\$ 16,266,100</b>	<b>\$ 713,400</b>

\* The change in compensated absences is shown as a net change.

Debt service requirements on long-term debt is as follows:

<b>BUSINESS-TYPE ACTIVITIES</b>		
<b>Year Ending Dec. 31</b>	<b>Sewer Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 665,000	\$ 605,300
2020	690,000	580,400
2021	715,000	554,060
2022	745,000	523,840
2023	775,000	489,793
2024 - 2028	4,415,000	1,913,099
2029 - 2033	3,455,000	882,927
2034 - 2038	1,140,000	72,675
<b>Total</b>	<b>\$ 12,600,000</b>	<b>\$ 5,622,094</b>

**NOTE 7 OPERATING LEASES**

The City is involved in an operating lease for two copiers. Total lease payments made during 2018 totaled \$8,454. Future lease payments are as follows:

2019	\$ 8,454
2020	8,454
2021	6,341

**NOTE 8 PENSION PLAN**

**General Information about the NDPERS Pension Plan**

***North Dakota Public Employees Retirement System (Main System)***

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

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney

## CITY OF WEST FARGO

### Notes to the Financial Statements – Continued

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General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

#### **Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

#### **Death and Disability Benefits**

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

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

#### **Refunds of Member Account Balance**

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

#### **Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

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

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

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

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

At December 31, 2018, the following net pension liability was reported:

	<b>Net Pension Liability</b>
Main System	\$ 14,645,578

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2018, the entities had the following proportion, change in proportion, and pension expense:

	<b>Proportion of Net Pension Liability</b>	<b>Change in Proportion</b>	<b>Pension Expense</b>
Main System	0.867830%	0.119341%	\$ 2,752,535

At December 31, 2018, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 38,768	\$ 498,271
Changes of Assumptions	5,286,748	209,037
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	71,252
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,274,204	(2)
District Contributions Subsequent to the Measurement Date	624,360	-
<b>Total</b>	<b>\$ 7,224,080</b>	<b>\$ 778,558</b>

\$624,360 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

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

2019	\$ 1,833,822
2020	1,638,491
2021	1,392,131
2022	835,419
2023	121,229

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**Actuarial Assumptions**

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 30	10.00%
	30 – 39	7.50%
	40 – 49	6.75%
	50 – 59	6.50%
	60+	5.25%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.75%, net of investment expenses	
Cost-of-living adjustments	None	

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.05%
International Equity	21%	6.71%
Private Equity	7%	10.20%
Domestic Fixed Income	23%	1.45%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.11%
Cash Equivalents	0%	0.00%

**Discount rate**

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.62%; and the resulting Single Discount Rate is 6.32%.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.32 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's Proportionate Share of the Net Pension Liability	\$ 19,900,618	\$ 14,645,578	\$ 10,260,416

**Pension Plan Fiduciary Net Position**

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

**NOTE 9 OPEB PLAN**

**General Information about the OPEB Plan**

**North Dakota Public Employees Retirement System**

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

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

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

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

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

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

At December 31, 2018, the following net OPEB liabilities were reported:

	<b>Net OPEB Liability</b>
Main System	\$ 641,668

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on its respective share of covered payroll in the main system OPEB plan relative to the covered payroll of all participating main system employers. At June 30, 2018, the entity had the following proportion, change in proportion, and OPEB expense:

	<b>Proportion of Net OPEB Liability</b>	<b>Change in Proportion</b>	<b>OPEB Expense</b>
Main System	0.814772%	0.108485%	\$ 89,327

At December 31, 2018, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Total Entity		
Differences Between Expected and Actual Experience	\$ 19,212	\$ 13,258
Changes of Assumptions	52,651	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	13,804
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	65,437	1,966
District Contributions Subsequent to the Measurement Date	99,968	-
Total	\$ 237,268	\$ 29,028

\$99,968 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

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

2018	\$	161
2019		161
2020		161
2021		304
2022		278
2023		176
Thereafter		35

**Actuarial assumptions**

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.50%, net of investment expenses
Cost of living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	7.15%
Small Cap Domestic Equities	9%	14.42%
International Equities	14%	8.83%
Core-Plus Fixed Income	40%	.10%

**Discount rate**

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the Plans as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's Proportionate Share of the OPEB Liability	\$ 19,034	\$ 15,044	\$ 11,623

**NOTE 10 TRANSFERS**

Transfers are used to move unrestricted general revenue to finance programs that the City accounts for in other funds in accordance with budget authority and to subsidize other programs.

**NOTE 11 RISK MANAGEMENT**

The City is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRF is limited to losses of \$10,000,000 per occurrence for general liability and automobile, and up to \$7,340,995 for public assets (mobile equipment and portable property).

The City also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City has worker's compensation with the North Dakota Workforce Safety and Insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**NOTE 12 CONSTRUCTION COMMITMENTS**

The City had open commitments as of December 31, 2018 as follows:

<b>Project</b>	<b>Contract Amount</b>	<b>Change Order</b>	<b>Total Contract</b>	<b>Total Completed</b>	<b>Remaining Balance</b>
<b>Street Improvements</b>					
Pioneer Place Alley Improvements	\$ 174,598	\$ 4,792	\$ 179,390	\$ 140,810	\$ 38,580
2241 5th St West Ext. (27th Ave W to 28th Ave W)	435,390	1,900	437,290	431,639	5,651
2243 Intersection at 9th & 13th - NDDOT project	5,050,939	-	5,050,939	3,438,903	1,612,036
2250 Sheyenne (Beaton to 40th) Improvement District	939,546	-	939,546	321,117	618,429
2251 13th Avenue (12th to 45th Street) Reconstruct	4,218,363	-	4,218,363	4,105,312	113,051
Eagle Run Plaza 6th	756,474	13,376	769,850	442,247	327,603
Sheyenne St Main to 7th (Road Diet)	249,942	-	249,942	229,649	20,293
Sidewalk Improvement District	291,724	10,457	302,181	250,023	52,158
2244 Shenne St. CIP (South of I94)	5,443,981	187,979	5,631,960	4,588,942	1,043,018
32 & 40th Ave West to Diversion	262,318	-	262,318	259,622	2,696
<b>Storm Sewer</b>					
4059 Storm Lift Rehab - SM 33	151,000	1,626	152,626	151,866	760
Halvorson Pond	719,541	17,607	737,148	538,238	198,910
1310 South Regional Sanitary Sewer Forcemain	2,265,750	297	2,266,047	1,428,679	837,368
<b>Water and Sewer</b>					
1273 Main Avenue Ph III NHU-8010(032)932	22,198,834	-	22,198,834	7,546,976	14,651,858
1302 Water Tank Rehab - 12th Ave E (WT-3) & Meadow Ridge	935,535	-	935,535	927,035	8,500
1305 Wilds 9th Addition Sanitary Lift Station (SA46)	5,218,551	1,060,671	6,279,222	5,739,855	539,367
1305 Wilds 9th Addition Sanitary Lift Station (SA46)	501,921	(44,451)	457,470	233,776	223,694
1308 Fargo Wastewater Connection Project	4,664,455	826,021	5,490,476	4,142,325	1,348,151
1311 Brooks Harbor Water Tower	2,230,900	1,420	2,232,320	1,642,998	589,322
Sanitary Sewer District	859,963	21,950	881,913	756,878	125,035
<b>Total</b>	<b>\$ 57,569,725</b>	<b>\$ 2,103,645</b>	<b>\$ 59,673,370</b>	<b>\$ 37,316,890</b>	<b>\$ 22,356,480</b>

**CITY OF WEST FARGO**Budgetary Comparison Schedule – General Fund  
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 8,363,028	\$ 8,363,028	\$ 8,110,494	\$ (252,534)
Special Assessments	110,000	110,000	244,048	134,048
Licenses, Permits & Fees	2,244,500	2,244,500	3,372,761	1,128,261
Intergovernmental	2,274,000	2,274,000	2,358,491	84,491
Fines, Forfeitures, & Penalties	325,000	325,000	494,235	169,235
Interest Income	30,000	30,000	302,267	272,267
Miscellaneous	15,000	15,000	53,557	38,557
Total Revenues	<u>\$ 13,361,528</u>	<u>\$ 13,361,528</u>	<u>\$ 14,935,853</u>	<u>\$ 1,574,325</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 5,160,728	\$ 5,160,728	\$ 5,704,101	\$ (543,373)
Public Safety	6,772,300	7,272,464	7,193,233	79,231
Public Works/Streets	2,900,100	2,900,100	2,676,633	223,467
Economic Development	228,400	228,400	214,690	13,710
Total Expenditures	<u>\$ 15,061,528</u>	<u>\$ 15,561,692</u>	<u>\$ 15,788,657</u>	<u>\$ (226,965)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,700,000)</u>	<u>\$ (2,200,164)</u>	<u>\$ (852,804)</u>	<u>\$ 1,347,360</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,500,000	\$ 1,500,000	\$ 3,408,384	\$ 1,908,384
Transfers Out	-	-	(19,068)	(19,068)
Total Other Financing Sources and Uses	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 3,389,316</u>	<u>\$ 1,889,316</u>
Net Changes in Fund Balances	<u>\$ (200,000)</u>	<u>\$ (700,164)</u>	<u>\$ 2,536,512</u>	<u>\$ 3,236,676</u>
Fund Balance - January 1	<u>\$ 22,237,762</u>	<u>\$ 22,237,762</u>	<u>\$ 22,237,762</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 22,037,762</u>	<u>\$ 21,537,598</u>	<u>\$ 24,774,274</u>	<u>\$ 3,236,676</u>

The accompanying required supplementary information notes are an integral part of this schedule.

**CITY OF WEST FARGO**Budgetary Comparison Schedule – Sales Tax Fund  
For the Year Ended December 31, 2018

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 8,000,000	\$ 8,000,000	\$ 10,669,380	\$ 2,669,380
Interest Income	10,000	10,000	45,038	35,038
Total Revenues	<u>\$ 8,010,000</u>	<u>\$ 8,010,000</u>	<u>\$ 10,714,418</u>	<u>\$ 2,704,418</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>\$ (9,165,000)</u>	<u>\$ (9,165,000)</u>	<u>\$ (16,285,604)</u>	<u>\$ (7,120,604)</u>
Net Changes in Fund Balances	<u>\$ (1,155,000)</u>	<u>\$ (1,155,000)</u>	<u>\$ (5,571,186)</u>	<u>\$ (4,416,186)</u>
Fund Balance - January 1	<u>\$ 9,185,971</u>	<u>\$ 9,185,971</u>	<u>\$ 9,185,971</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 8,030,971</u>	<u>\$ 8,030,971</u>	<u>\$ 3,614,785</u>	<u>\$ (4,416,186)</u>

The accompanying required supplementary information notes are an integral part of this schedule.

**CITY OF WEST FARGO**

Schedule of Employer's Share of Net Pension Liability and Employer Contributions  
 For the Year Ended December 31, 2018

**Schedule of Employer's Share of Net Pension Liability  
 ND Public Employee's Retirement System  
 Last 10 Fiscal Years**

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.867830%	\$ 14,645,578	\$ 8,915,372	164.27%	62.80%
2017	0.748489%	12,030,675	7,640,904	157.45%	61.98%
2016	0.712207%	6,941,151	7,177,366	96.71%	70.46%
2015	0.665753%	4,527,007	5,931,052	76.33%	77.15%
2014	0.655469%	4,160,402	5,521,525	75.35%	77.15%

**Schedule of Employer Contributions  
 ND Public Employees Retirement System  
 Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 656,655	\$ 609,328	\$ 47,327	\$ 8,915,372	6.83%
2017	519,630	546,659	(27,029)	7,177,366	7.62%
2016	450,511	451,207	(696)	5,931,052	7.61%
2015	393,133	393,133	-	5,521,525	7.12%
2014	328,555	328,555	-	4,614,538	7.12%

The accompanying required supplementary information notes are an integral part of this schedule.

**CITY OF WEST FARGO**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
 For the Year Ended December 31, 2018

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**Schedule of Employer's Share of Net OPEB Liability  
 ND Public Employees Retirement System  
 Last 10 Fiscal Years**

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.814772%	\$ 641,668	\$ 8,915,372	7.20%	61.89%
2017	0.706287%	558,681	7,640,904	7.31%	59.78%

**Schedule of Employer Contributions  
 ND Public Employees Retirement System  
 Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 104,572	\$ 97,561	\$ 7,011	\$ 8,915,372	1.09%
2017	88,820	86,124	2,696	7,640,904	1.13%

The accompanying required supplementary information notes are an integral part of this schedule.

# CITY OF WEST FARGO

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2018

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## NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information:

The governing board adopts an annual budget on a basis consistent with GAAP, and state law as outlined in various sections of North Dakota Century Code (NDCC) Chapter 40-40 for the general fund, each special revenue fund and each debt service fund of the municipality. The City is required to present the adopted and final amended revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The governing body of each municipality, annually or before August 10<sup>th</sup>, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year (NDCC 40-40-04).
- The preliminary budget must include a detailed breakdown of the estimated revenues and appropriations requested for the ensuing year for the general fund, each special revenue fund, and each debt service fund of the municipality. The revenue and expenditure items for the preceding year and estimates of the revenue and expenditures for the current year must be included for each fund to assist in determining the estimated revenues and appropriation requested for the ensuing year. The budget must also include any transfers in or out and the beginning and ending fund balance for each of the funds. The budget must be prepared on the same basis of accounting used by the municipality for its annual financial reports (NDCC 40-40-05).
- After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that: the preliminary budget is on file in the office of the auditor and may be examined by anyone upon request; the governing body shall meet no later than October 7<sup>th</sup> at the time and place specified in the notice for the purpose of adopting the final budget and making the annual tax levy; and, the governing shall hold a public session at the time and place designated in the notice of the hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditure or may object to any item or amount (NDCC 40-40-06).
- After the budget hearing, the final budget must be prepared on or before October 7<sup>th</sup> in accordance with provisions outlined in detail in NDCC 40-40-08.
- After completing the final budget on or before October 7<sup>th</sup>, the governing body shall proceed to make the annual tax levy in an amount sufficient to meet the expenses for the ensuing year as determined at the budget meeting (NDCC 40-40-09).
- Immediately after completion of the final budget and adoption of the annual tax levy by the governing body of a municipality in accordance with provisions, and in no case later than October 10<sup>th</sup>, the auditor of the municipality shall send to the county auditor a certified copy of the final budget (NDCC 40-40-10).
- No municipal expenditure may be made nor liability incurred, and no bill may be paid for any purposes in excess of the appropriation made therefor in the final budget. Expenditures made liabilities incurred, or warrants issued in excess of the appropriations are a joint and several liability the members of the governing body (NDCC 40-40-15).
- At the end of the fiscal year, the balance to credit of each annual appropriation becomes a part of the general unappropriated balance in the municipal treasury, but no special appropriation lapses until the work for which it was made has been completed, the bills paid, and the accounts closed. He governing body of a city may elect, at the end of the fiscal year, to carry over the unencumbered cash balance in the general fund or other budgeted funds and designate the balances for subsequent years (NDCC 40-40-21).

**CITY OF WEST FARGO**

Notes to the Required Supplementary Information - Continued

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**NOTE 2 LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

The board of commissioners amended the City budget for various funds as follows:

<b>EXPENDITURES &amp; TRANSFERS OUT</b>			
	<b>Original Budget</b>	<b>Budget Amendment</b>	<b>Amended Budget</b>
<b>Governmental Funds</b>			
Major Funds			
General Fund	\$ 15,061,528	\$ 500,164	\$ 15,561,692

**NOTE 3 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**NOTE 4 PENSION AND OPEB - CHANGES OF ASSUMPTIONS**

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



STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
FARGO OFFICE BRANCH  
1655 43<sup>RD</sup> STREET SOUTH, SUITE 203  
FARGO, NORTH DAKOTA 58103

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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Independent Auditor's Report

Board of City Commissioners  
City of West Fargo  
West Fargo, North Dakota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Fargo as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise City of West Fargo's basic financial statements, and have issued our report thereon dated December 31, 2019.

**Internal Control Over Financial Reporting**

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *schedule of audit findings*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying *schedule of audit findings* as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *schedule of audit findings* as item 2018-002 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of West Fargo's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**CITY OF WEST FARGO**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

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**City of West Fargo's Response to Findings**

City of West Fargo's response to the findings identified in our audit is described in the accompanying *schedule of audit findings*. City of West Fargo's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
December 31, 2019

**CITY OF WEST FARGO**

Summary of Auditor's Results  
For the Year Ended December 31, 2018

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**Financial Statements**

Type of Report Issued?	
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Internal control over financial reporting**

Material weaknesses identified?	<u>  X  </u> Yes	<u>      </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u> Yes	<u>      </u> None Noted
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> None Noted

# **CITY OF WEST FARGO**

Schedule of Audit Findings

For the Year Ended December 31, 2018

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## **2018-001 FINANCIAL STATEMENT PREPARATION**

### **Condition**

The City of West Fargo does not have an internal control system over financial reporting designed to provide for the preparation of the financial statements, including the accompanying note disclosures, as required by Generally Accepted Accounting Principles (GAAP). Thus, management has elected to have the financial statements and note disclosures be prepared by the auditors.

### **Criteria**

Management of the City of West Fargo is responsible for establishing proper internal control over the preparation of the City of West Fargo's annual financial statements to ensure that financial statements and note disclosures are reliable, accurate, free of material misstatement, and in accordance with GAAP.

### **Cause**

With the change in staff, management did not have adequate time to prepare the financial statements and note disclosures and has chosen to have the auditors assist in the preparation of the financial statements and note disclosures.

### **Effect**

There is an increased risk of material misstatement to the City of West Fargo's financial statements.

### **Repeat Finding**

No.

### **Recommendation**

We recommend the City of West Fargo design and implement internal controls over financial reporting to ensure financial statements are presented in accordance with GAAP. We further recommend management continue to obtain sufficient knowledge to ensure the financial statements are free from material misstatement.

### **City of West Fargo's Response**

Agree. The City of West Fargo is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

**2018-002 FRAUD RISK ASSESSMENT**

**Condition**

The City of West Fargo does not currently prepare a fraud risk assessment of the entire entity.

**Criteria**

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the COSO framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

**Cause**

The City may not have considered preparing a fraud risk assessment.

**Effect**

If the City does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

**Repeat Finding**

No.

**Recommendation**

We recommend the City of West Fargo prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

**City of West Fargo's Response**

Agree. We will perform a fraud risk assessment.

**STATE AUDITOR**

JOSHUA C. GALLION  
Phone (701) 328-2241



Local Government Division  
FARGO OFFICE  
MANAGER – CRAIG HASHBARGER  
Phone (701)239-7250

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
FARGO OFFICE BRANCH  
1655 43<sup>RD</sup> STREET SOUTH, SUITE 203.  
FARGO, NORTH DAKOTA 58103

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**GOVERNANCE COMMUNICATION**

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Board of City Commissioners  
City of West Fargo  
West Fargo, North Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Fargo, North Dakota, for the year ended December 31, 2018 which collectively comprise the City of West Fargo’s basic financial statements, and have issued our report thereon dated December 31, 2019. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance**

As stated in our engagement letter dated May 9, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered the City of West Fargo’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City of West Fargo’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

**Significant Accounting Policies/Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of West Fargo are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

**CITY OF WEST FARGO**

Governance Communication – Continued

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**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

	<u>Client Provided Adjustments</u>	
	<u>Debit</u>	<u>Credit</u>
<b>Governmental Activities</b>		
Intergovernmental Receivable	1,744,574	
Due from County	278,152	
Revenue		2,022,726
Expenditures	1,700,350	
Accounts Payable		496,837
Salaries Payable		148,800
Construction Payable		1,054,713
<b>Business-Type Activities</b>		
Expenditures	345,795	
Accounts Payable		212,461
Salaries Payable		133,334

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated December 31, 2019.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**CITY OF WEST FARGO**

Governance Communication – Continued

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**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of City Commissioners and management of the City of West Fargo, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of the City of West Fargo for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve the City of West Fargo.

/S/

Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
December 31, 2019

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[www.nd.gov/auditor/](http://www.nd.gov/auditor/)

or by contacting the  
Division of Local Government Audit

Office of the State Auditor  
600 East Boulevard Avenue – Department 117  
Bismarck, ND 58505-0060

(701) 328-2220



City of West Fargo  
West Fargo, North Dakota

# Audit Report

For the Year Ended December 31, 2017

**JOSHUA C. GALLION**  
**STATE AUDITOR**

Office of the State Auditor  
Division of Local Government

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CITY OF WEST FARGO  
West Fargo, North Dakota

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For the Year Ended December 31, 2017

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CITY OF WEST FARGO  
West Fargo, North Dakota

December 31, 2017

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**CITY OFFICIALS**

President / Mayor	Rich Mattern
Vice-President	Mark Wentz
Commissioner	Mike Thorstad
Commissioner	Mark Simmons
Commissioner	Duane Hanson
City Administrator	Tina Fisk
Finance Director	Aaron Mitchell
Police Chief	Heith Janke
Public Works Director	Chris Brungardt
Planning Director	Larry Weil
Human Resources Administrator	Jenna Wilm
City Attorney	John Shockley

**STATE AUDITOR PERSONNEL**

Audit Manager / Auditor In-Charge	David Mix
Staff Auditor	Heath Erickson
Staff Auditor	Alex Bakken
Staff Auditor	Jon Worrall



STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

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## INDEPENDENT AUDITOR'S REPORT

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City Commission  
City of West Fargo  
West 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 West Fargo, North Dakota, as of and for the year ended December 31, 2017, 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 includes 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 of West Fargo, North Dakota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in Note 10 to the financial statements, the City of West Fargo adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pensions. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information, pension schedules, and the notes to the required supplementary information* on pages 45-50 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 of West Fargo's basic financial statements. The *schedule of fund activity* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of fund activity* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 *schedule of fund activity is fairly stated*, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018, on our consideration of the City of West Fargo's internal control over financial reporting and on 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* in considering the City of West Fargo's internal control over financial reporting and compliance.

/s/  
Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
April 26, 2018

CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF NET POSITION  
December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 35,942,904	\$ 12,867,802	\$ 48,810,706
Restricted cash	15,796	-	15,796
Accounts receivable	257,129	-	257,129
Utility billings receivable	-	940,437	940,437
Intergovernmental receivable	1,323,782	-	1,323,782
Other asset	-	4,860	4,860
Storefront loans receivable	82,816	-	82,816
TIF long-term loan receivable	1,444,481	-	1,444,481
Taxes receivable	111,223	-	111,223
Special assessments receivable - current	997,920	-	997,920
Capital projects - special assessments receivable	270,000	-	270,000
Bond Discount	1,237,171	-	1,237,171
Long-Term Receivable:			
Long-term special assessments receivable	221,132,905	-	221,132,905
Capital Assets not being depreciated:			
Land	14,752,650	1,857,610	16,610,260
Construction in progress	87,240,598	-	87,240,598
Capital Assets being depreciated:			
Buildings	11,342,609	3,306,191	14,648,800
Equipment	2,284,735	2,786,625	5,071,360
Improvements to land	10,494	-	10,494
Infrastructure	80,613,699	270,927,884	351,541,583
Total Capital Assets	<u>\$ 196,244,785</u>	<u>\$ 278,878,310</u>	<u>\$ 475,123,095</u>
<b>Total Assets</b>	<u>\$ 459,060,912</u>	<u>\$ 292,691,409</u>	<u>\$ 751,752,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension & OPEB	\$ 4,816,517	\$ 1,504,564	\$ 6,321,081
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<u>\$ 463,877,429</u>	<u>\$ 294,195,973</u>	<u>\$ 758,073,402</u>
<b>LIABILITIES:</b>			
Accounts & accrued expenses payable	\$ 342,754	\$ 398,085	\$ 740,839
Construction payable	1,377,662	-	1,377,662
Salaries & benefits payable	397,225	121,448	518,673
Court deposits payable	59,200	-	59,200
Retainages payable	960,965	-	960,965
Interest payable	1,557,370	104,604	1,661,974
Bond Premium	4,788,489	-	4,788,489
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Bonds payable	17,540,000	640,000	18,180,000
Drawdowns payable	312,901	-	312,901
Compensated absences	115,065	42,307	157,372
Portion Due or Payable After One Year:			
Bonds payable	237,225,000	12,600,000	249,825,000
Drawdowns payable	14,298,531	-	14,298,531
Compensated absences	1,035,584	380,766	1,416,350
Net pension & OPEB liability	9,592,797	2,996,558	12,589,355
<b>Total Liabilities</b>	<u>\$ 289,603,543</u>	<u>\$ 17,283,768</u>	<u>\$ 306,887,311</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension & OPEB	\$ 279,677	\$ 87,365	\$ 367,042
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<u>\$ 289,883,220</u>	<u>\$ 17,371,133</u>	<u>\$ 307,254,353</u>
<b>NET POSITION:</b>			
Net investment in capital assets	\$ 145,447,860	\$ 265,598,412	\$ 411,046,272
Restricted for:			
Public works/streets	1,017	-	1,017
Culture & recreation	601,811	-	601,811
Economic development	1,791,086	-	1,791,086
Other special purposes	426,954	-	426,954
Building/capital projects	9,316,010	-	9,316,010
Debt service	34,047,354	-	34,047,354
Loans	1,619,501	-	1,619,501
Unrestricted	<u>(19,257,384)</u>	<u>11,226,428</u>	<u>(8,030,956)</u>
<b>Total Net Position</b>	<u>\$ 173,994,209</u>	<u>\$ 276,824,840</u>	<u>\$ 450,819,049</u>

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

CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 4,045,096	\$ 1,319,328	\$ 48,552	\$ -	\$ (2,677,216)		\$ (2,677,216)
Public safety	8,096,718	401,358	801,524	-	(6,893,836)		(6,893,836)
Public works/streets	12,532,297	1,958,692	4,149,100	61,064,593	54,640,088		54,640,088
Economic development	2,060,964	-	-	-	(2,060,964)		(2,060,964)
Culture and recreation	1,124,130	30,866	-	-	(1,093,264)		(1,093,264)
Miscellaneous/other	117,139	15,800	48,553	-	(52,786)		(52,786)
Interest & costs on long-term debt	7,738,102	-	-	-	(7,738,102)		(7,738,102)
<b>Total Governmental Activities</b>	<b>\$ 35,714,446</b>	<b>\$ 3,726,044</b>	<b>\$ 5,047,729</b>	<b>\$ 61,064,593</b>	<b>\$ 34,123,920</b>		<b>\$ 34,123,920</b>
<b>Business-Type Activities:</b>							
Water and sewer	\$ 16,309,741	\$ 9,583,547	\$ -	\$ -	\$ -	\$ (6,726,194)	\$ (6,726,194)
Health and sanitation	3,494,372	3,368,333	-	-	-	(126,039)	(126,039)
<b>Total Business-Type Activities</b>	<b>\$ 19,804,113</b>	<b>\$ 12,951,880</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,852,233)</b>	<b>\$ (6,852,233)</b>
<b>Total Primary Government</b>	<b>\$ 55,518,559</b>	<b>\$ 16,677,924</b>	<b>\$ 5,047,729</b>	<b>\$ 61,064,593</b>	<b>\$ 34,123,920</b>	<b>\$ (6,852,233)</b>	<b>\$ 27,271,687</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					\$ 7,528,869	\$ -	\$ 7,528,869
Property taxes, levied for debt service					1,723,712	-	1,723,712
Property taxes, levied for special purposes					2,465,198	-	2,465,198
Sales taxes					9,983,662	-	9,983,662
State aid distribution & other unrestricted revenues					1,772,067	-	1,772,067
Unrestricted investment interest earnings					225,826	31,459	257,285
Miscellaneous income					305,691	308,060	613,751
Transfers					(21,042,648)	21,042,648	-
<b>Total General Revenues and Transfers</b>					<b>\$ 2,962,377</b>	<b>\$ 21,382,167</b>	<b>\$ 24,344,544</b>
<b>Change in Net Position</b>					<b>\$ 37,086,297</b>	<b>\$ 14,529,934</b>	<b>\$ 51,616,231</b>
<b>Net Position - January 1</b>					<b>\$ 138,952,281</b>	<b>\$ 262,431,405</b>	<b>\$ 401,383,686</b>
<b>Prior Period Adjustments</b>					<b>(2,044,369)</b>	<b>(136,499)</b>	<b>(2,180,868)</b>
<b>Net Position - January 1, as restated</b>					<b>\$ 136,907,912</b>	<b>\$ 262,294,906</b>	<b>\$ 399,202,818</b>
<b>Net Position - December 31</b>					<b>\$ 173,994,209</b>	<b>\$ 276,824,840</b>	<b>\$ 450,819,049</b>

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

CITY OF WEST FARGO  
West Fargo, North Dakota

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

	General Fund	Sales Tax Fund	Debt Service Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$22,175,193	\$ 8,473,221	\$ 2,088,995	\$ -	\$ 3,205,495	\$ 35,942,904
Restricted cash	-	-	-	-	15,796	15,796
Accounts receivable	233,738	-	-	2,290	21,101	257,129
Intergovernmental receivable	442,989	712,750	-	-	168,043	1,323,782
TIF loans long-term receivable	-	-	-	-	1,444,481	1,444,481
Storefront loans receivable	-	-	-	-	82,816	82,816
Taxes receivable	73,430	-	26,971	-	10,822	111,223
Special assessments receivable - current	-	-	997,920	-	-	997,920
Special assessments receivable - deferred	-	-	221,132,905	-	-	221,132,905
Special assessments receivable - capital projects	-	-	-	270,000	-	270,000
Due from other city funds - negative cash	-	-	34,495,722	-	-	34,495,722
<b>Total Assets</b>	<b>\$22,925,350</b>	<b>\$ 9,185,971</b>	<b>\$258,742,513</b>	<b>\$ 272,290</b>	<b>\$ 4,948,554</b>	<b>\$ 296,074,678</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
<b>OF RESOURCES</b>						
<b>Liabilities:</b>						
Accounts & accrued expenses payable	\$ 186,096	\$ -	\$ -	\$ -	\$ 156,658	\$ 342,754
Salaries & benefits payable	368,862	-	-	-	28,363	397,225
Construction payable	-	-	-	1,377,662	-	1,377,662
Municipal court bonds payable	59,200	-	-	-	-	59,200
Due to other city funds - negative cash	-	-	-	34,495,722	-	34,495,722
<b>Total Liabilities</b>	<b>\$ 614,158</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,873,384</b>	<b>\$ 185,021</b>	<b>\$ 36,672,563</b>
<b>Deferred Inflows of Resources</b>						
Deferred taxes & special assmts. rec.	\$ 73,430	\$ -	\$222,157,796	\$ -	\$ 10,822	\$ 222,242,048
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 687,588</b>	<b>\$ -</b>	<b>\$222,157,796</b>	<b>\$ 35,873,384</b>	<b>\$ 195,843</b>	<b>\$ 258,914,611</b>
<b>Fund Balances:</b>						
<b>Non-Spendable:</b>						
Loans receivable	\$ -	\$ -	\$ -	\$ -	\$ 1,527,297	\$ 1,527,297
<b>Restricted:</b>						
Debt service	-	-	36,584,717	-	-	36,584,717
General government	-	-	-	-	48,629	48,629
Public safety	-	-	-	-	210,265	210,265
Public works/streets	-	-	-	-	693,451	693,451
Culture & recreation	-	-	-	-	917,121	917,121
Economic development	-	-	-	-	769,146	769,146
Other	-	-	-	-	427,971	427,971
<b>Committed:</b>						
Sales tax fund	-	9,185,971	-	-	-	9,185,971
Culture & recreation	-	-	-	-	43,262	43,262
Public safety	-	-	-	-	1,017	1,017
Future building fund	-	-	-	-	130,039	130,039
<b>Unassigned:</b>						
Negative fund balances	-	-	-	(35,601,094)	(15,487)	(35,616,581)
General fund	22,237,762	-	-	-	-	22,237,762
<b>Total Fund Balances</b>	<b>\$22,237,762</b>	<b>\$ 9,185,971</b>	<b>\$ 36,584,717</b>	<b>\$(35,601,094)</b>	<b>\$ 4,752,711</b>	<b>\$ 37,160,067</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$22,925,350</b>	<b>\$ 9,185,971</b>	<b>\$258,742,513</b>	<b>\$ 272,290</b>	<b>\$ 4,948,554</b>	<b>\$ 296,074,678</b>

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

CITY OF WEST FARGO  
West Fargo, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2017

Total *Fund Balances* for Governmental Funds \$ 37,160,067

Total Net Position reported for governmental activities in the statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land (not depreciated)	\$ 14,752,650	
Construction in Progress (not depreciated)	87,240,598	
Land Improvements, net of (\$3,193) accumulated depreciation	10,494	
Buildings, net of (\$1,696,908) accumulated depreciation	11,342,609	
Equipment, net of (\$2,470,096) accumulated depreciation	2,284,735	
Infrastructure, net of (\$57,972,801) accumulated depreciation	<u>80,613,699</u>	196,244,785

Most of the City's taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds.

Long-Term Uncertified Special Assessments Receivable	\$ 221,132,905	
Uncollected Taxes Receivable	111,223	
Special Assessments Receivable	<u>997,920</u>	222,242,048

Retainages payable are not a fund liability, but are accrued for government-wide purposes as those liabilities will be liquidated at the completion of capital projects. (960,965)

Deferred outflows and inflows of resources related to pensions & OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Pension & OPEB Deferred Inflows of Resources	\$ (279,677)	
Pension & OPEB Deferred Outflows of Resources	<u>4,816,517</u>	4,536,840

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the Statement of Net Position. Balances at December 31, 2017 are:

Special Assessment Bonds Payable	\$ (246,915,000)	
TIF Bonds Payable	(795,000)	
General Obligation Bonds Payable	(5,715,000)	
Sales Tax Bonds Payable	(1,340,000)	
BND Drawdowns Payable	(14,611,432)	
Unamortized Bond Discount	(4,788,489)	
Unamortized Bond Premium	1,237,171	
Interest Payable	(1,557,370)	
Compensated Absences	(1,150,649)	
Net Pension & OPEB Liability	<u>(9,592,797)</u>	<u>(285,228,566)</u>

Total Net Position of Governmental Activities \$ 173,994,209

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

CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	General Fund	Sales Tax Fund	Debt Service Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 7,509,022	\$ -	\$ 1,727,953	\$ -	\$ 2,470,993	\$ 11,707,968
Special assessments	-	-	29,749,605	-	-	29,749,605
Sales taxes	-	9,983,662	-	-	-	9,983,662
Licenses, permits and fees	3,113,975	-	-	-	-	3,113,975
Charges for services	-	-	-	146,275	240,191	386,466
Intergovernmental	3,307,030	-	-	1,644,372	1,722,120	6,673,522
Fines, forfeitures and penalties	371,878	-	-	-	-	371,878
Interest on investments	65,139	37,478	112,450	2,449	8,310	225,826
Miscellaneous	81,036	-	-	-	224,655	305,691
<b>Total Revenues</b>	<b>\$ 14,448,080</b>	<b>\$ 10,021,140</b>	<b>\$ 31,590,008</b>	<b>\$ 1,793,096</b>	<b>\$ 4,666,269</b>	<b>\$ 62,518,593</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	\$ 3,685,581	\$ -	\$ -	\$ -	\$ 135,390	\$ 3,820,971
Public safety	6,877,592	-	-	-	838,370	7,715,962
Public works/streets	3,862,165	-	-	-	420,959	4,283,124
Economic development	212,547	-	652,160	-	1,176,348	2,041,055
Culture and recreation	-	-	-	-	1,076,694	1,076,694
Other	-	-	-	30	117,109	117,139
Capital Outlay	-	260,983	-	49,863,695	-	50,124,678
<b>Debt Service:</b>						
Principal - Bonds	-	-	17,823,568	-	-	17,823,568
Interest	-	-	7,646,731	-	-	7,646,731
Fiscal charges & fees	-	-	33,976	-	-	33,976
<b>Total Expenditures</b>	<b>\$ 14,637,885</b>	<b>\$ 260,983</b>	<b>\$ 26,156,435</b>	<b>\$ 49,863,725</b>	<b>\$ 3,764,870</b>	<b>\$ 94,683,898</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (189,805)</b>	<b>\$ 9,760,157</b>	<b>\$ 5,433,573</b>	<b>\$ (48,070,629)</b>	<b>\$ 901,399</b>	<b>\$(32,165,305)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from bond sale	\$ -	\$ -	\$ -	\$ 36,860,000	\$ -	\$ 36,860,000
Loan proceeds	-	-	-	8,308,195	-	8,308,195
Bond premium	-	-	-	2,715,455	-	2,715,455
Bond discount	-	-	-	(412,617)	-	(412,617)
Transfers in	2,113,272	-	4,950,100	10,031,716	1,742,940	18,838,028
Transfers out	(2,142,000)	(10,993,572)	(514,339)	(3,528,723)	(1,659,394)	(18,838,028)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (28,728)</b>	<b>\$(10,993,572)</b>	<b>\$ 4,435,761</b>	<b>\$ 53,974,026</b>	<b>\$ 83,546</b>	<b>\$ 47,471,033</b>
<b>Net Change in Fund Balances</b>	<b>\$ (218,533)</b>	<b>\$ (1,233,415)</b>	<b>\$ 9,869,334</b>	<b>\$ 5,903,397</b>	<b>\$ 984,945</b>	<b>\$ 15,305,728</b>
Fund Balances - January 1	\$ 22,456,295	\$ 10,419,386	\$ 28,313,003	\$ (41,774,491)	\$ 2,608,666	\$ 22,022,859
Prior Period Adjustments	-	-	(1,597,620)	270,000	1,159,100	(168,520)
<b>Fund Balances - Jan. 1, as restated</b>	<b>\$ 22,456,295</b>	<b>\$ 10,419,386</b>	<b>\$ 26,715,383</b>	<b>\$ (41,504,491)</b>	<b>\$ 3,767,766</b>	<b>\$ 21,854,339</b>
<b>Fund Balances - December 31</b>	<b>\$ 22,237,762</b>	<b>\$ 9,185,971</b>	<b>\$ 36,584,717</b>	<b>\$ (35,601,094)</b>	<b>\$ 4,752,711</b>	<b>\$ 37,160,067</b>

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

CITY OF WEST FARGO  
West Fargo, North Dakota

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

Net Change in *Fund Balances* - Total Governmental Funds \$ 15,305,728

The change in Net Position reported for governmental activities in the statement of activities is different because:

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. These are the amount by which capital asset additions & capital contributions exceeded transfers, disposals, and depreciation in the current period:

Capital Asset Additions	\$ 48,310,677	
Capital Contributions	3,133,197	
Transfer of Capital Assets to Enterprise Activities	(21,042,648)	
Depreciation on Capital Assets	<u>(6,493,882)</u>	23,907,344

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the loss on the capital assets sold.

(56,968)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position:

Debt Issued:		
Special Assessment Bonds	\$ (36,860,000)	
Loan Drawdown Proceeds	(8,308,195)	
Bond Premium	(2,715,455)	
Bond Discount	412,616	
Debt Repayments:		
Bond Principal	<u>17,823,568</u>	(29,647,466)

Bond premium amortization is a reduction to interest expense as it is amortized over the life of the outstanding bonds using the straight-line method. Bond discounts are amortized over the life of the bond using the straight-line method (as interest expense):

Discount Amortization	\$ 263,525	
Premium Amortization	<u>(60,453)</u>	203,072

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Net Change in Compensated Absences	\$ 360,016	
Net Change in Retainages Payable	143,086	
Net Change in Interest Payable	<u>(260,467)</u>	242,635

The Net Pension Liability, and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Pension & OPEB Liability	\$ (3,916,842)	
Net Change in Deferred Inflows of Resources for Pensions & OPEB	29,851	
Net Change in Deferred Outflows of Resources for Pensions & OPEB	<u>2,827,341</u>	(1,059,650)

Long-term Special Assessments are not considered as available resources in the governmental funds; however, they are revenues in the statement of activities of activities. Likewise, collections of long-term special assessments are reported as revenues in the governmental funds; however, they are a reduction of receivables in the statement of activities. The net effect is a net increase to the receivable:

27,853,487

Because some property taxes and special assessments will not be collected for several months after year end, they are not considered as available resources in the governmental funds. However, they are revenues in the statement of activities. The net effect is:

Net Change in Taxes Receivable		9,811
Net Change in Special Assessments Receivable		<u>328,304</u>

Change in Net Position of Governmental Activities \$ 37,086,297

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

CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Funds	Sanitation & Health Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 11,541,324	\$ 1,326,478	\$ 12,867,802
Other asset	4,860	-	4,860
Utility billings receivable	640,297	300,140	940,437
Total Current Assets	<u>\$ 12,186,481</u>	<u>\$ 1,626,618</u>	<u>\$ 13,813,099</u>
Noncurrent Assets:			
Capital Assets not being depreciated:			
Land	\$ 1,857,610	\$ -	\$ 1,857,610
Capital Assets being depreciated:			
Building	2,389,093	917,098	3,306,191
Equipment	1,449,706	1,336,919	2,786,625
Infrastructure	270,927,884	-	270,927,884
Total Noncurrent Assets	<u>\$ 276,624,293</u>	<u>\$ 2,254,017</u>	<u>\$ 278,878,310</u>
Total Assets	<u>\$ 288,810,774</u>	<u>\$ 3,880,635</u>	<u>\$ 292,691,409</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension & OPEB	<u>\$ 982,354</u>	<u>\$ 522,210</u>	<u>\$ 1,504,564</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 289,793,128</u>	<u>\$ 4,402,845</u>	<u>\$ 294,195,973</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 290,355	\$ 107,730	\$ 398,085
Salaries & benefits payable	81,550	39,898	121,448
Interest payable	104,604	-	104,604
Bonds payable	640,000	-	640,000
Compensated absences	29,197	13,110	42,307
Total Current Liabilities	<u>\$ 1,145,706</u>	<u>\$ 160,738</u>	<u>\$ 1,306,444</u>
Noncurrent Liabilities:			
Bonds payable	\$ 12,600,000	\$ -	\$ 12,600,000
Compensated absences	262,775	117,991	380,766
Net Pension & OPEB Liability	1,956,501	1,040,057	2,996,558
Total Noncurrent Liabilities	<u>\$ 14,819,276</u>	<u>\$ 1,158,048</u>	<u>\$ 15,977,324</u>
Total Liabilities	<u>\$ 15,964,982</u>	<u>\$ 1,318,786</u>	<u>\$ 17,283,768</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension & OPEB	<u>\$ 57,042</u>	<u>\$ 30,323</u>	<u>\$ 87,365</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 16,022,024</u>	<u>\$ 1,349,109</u>	<u>\$ 17,371,133</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 263,384,293	\$ 2,214,119	\$ 265,598,412
Unrestricted	<u>10,386,811</u>	<u>839,617</u>	<u>11,226,428</u>
Total Net Position	<u>\$ 273,771,104</u>	<u>\$ 3,053,736</u>	<u>\$ 276,824,840</u>

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

CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Funds	Sanitation & Health Fund	Total
<u>Operating Revenues:</u>			
Charges for sales services	\$ 9,583,547	\$ 3,368,333	\$ 12,951,880
<u>Operating Expenses:</u>			
Salaries and benefits	\$ 2,332,929	\$ 1,144,728	\$ 3,477,657
Utilities	418,132	-	418,132
Operation, maintenance & supplies	881,371	101,126	982,497
Water purchases	3,341,258	-	3,341,258
Water & sewer other operating	430,527	-	430,527
Sanitation & health other operating	-	212,696	212,696
Recycling	-	660,792	660,792
Landfill charges	-	1,056,754	1,056,754
Depreciation	8,242,193	167,329	8,409,522
Total Operating Expenses	\$ 15,646,410	\$ 3,343,425	\$ 18,989,835
Operating Income	\$ (6,062,863)	\$ 24,908	\$ (6,037,955)
<u>Nonoperating Revenues (Expenses):</u>			
Investment earnings	\$ 27,758	\$ 3,701	\$ 31,459
Miscellaneous revenue & rental income	229,560	78,500	308,060
Miscellaneous expense	(20,545)	-	(20,545)
Interest expense & fees on long-term debt	(642,786)	-	(642,786)
Loss on capital assets	-	(150,947)	(150,947)
Total Nonoperating Revenue (Expenses)	\$ (406,013)	\$ (68,746)	\$ (474,759)
Income Before Transfers	\$ (6,468,876)	\$ (43,838)	\$ (6,512,714)
Transfers in (govt. activities capital assets)	\$ 21,042,648	\$ -	\$ 21,042,648
Total Net Transfers	\$ 21,042,648	\$ -	\$ 21,042,648
Changes in Net Position	\$ 14,573,772	\$ (43,838)	\$ 14,529,934
Net Position - January 1	\$ 259,283,970	\$ 3,147,435	\$ 262,431,405
Prior Period Adjustments	(86,638)	(49,861)	(136,499)
Net Position - January 1, as restated	\$ 259,197,332	\$ 3,097,574	\$ 262,294,906
Net Position - December 31	\$ 273,771,104	\$ 3,053,736	\$ 276,824,840

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

CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Operating	Sanitation & Health Fund	Total Funds
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers and users	\$ 9,591,941	\$ 3,377,254	\$ 12,969,195
Payments to suppliers	(5,013,362)	(1,983,420)	(6,996,782)
Payments to employees	(2,109,063)	(1,052,464)	(3,161,527)
Net Cash Provided by Operating Activities	<u>\$ 2,469,516</u>	<u>\$ 341,370</u>	<u>\$ 2,810,886</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Miscellaneous receipts	\$ 40,956	\$ -	\$ 40,956
Miscellaneous disbursements	(51,744)	-	(51,744)
Maintenance agreement revenue	56,603	-	56,603
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ 45,815</u>	<u>\$ -</u>	<u>\$ 45,815</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal paid on capital debt	\$ (630,000)	\$ -	\$ (630,000)
Interest & fees paid on capital debt	(645,401)	-	(645,401)
Sales of capital assets	-	78,500	78,500
Interest subsidy (build America bonds)	132,001	-	132,001
Construction & purchases of capital assets	(464,422)	(147,890)	(612,312)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (1,607,822)</u>	<u>\$ (69,390)</u>	<u>\$ (1,677,212)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest income	\$ 27,758	\$ 3,701	\$ 31,459
Net Increase in Cash and Cash Equivalents	<u>\$ 935,267</u>	<u>\$ 275,681</u>	<u>\$ 1,210,948</u>
Cash and Cash Equivalents - January 1	<u>\$ 10,606,057</u>	<u>\$ 1,050,797</u>	<u>\$ 11,656,854</u>
Cash and Cash Equivalents - December 31	<u>11,541,324</u>	<u>\$ 1,326,478</u>	<u>\$ 12,867,802</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating income (loss)	\$ (6,062,863)	\$ 24,908	\$ (6,037,955)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Depreciation expense	8,242,193	167,329	8,409,522
Decrease (increase) in utility billing receivables	8,395	8,921	17,316
Increase (decrease) in compensated absences	(72,858)	(26,180)	(99,038)
Net change (decrease) in pension & OPEB items	215,174	78,547	293,721
Net change in accrued payables	139,475	87,845	227,320
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,469,516</u>	<u>\$ 341,370</u>	<u>\$ 2,810,886</u>

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

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CITY OF WEST FARGO  
West Fargo, North Dakota

STATEMENT OF FIDUCIARY ASSETS & LIABILITIES  
AGENCY FUNDS  
December 31, 2017

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	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash and investments	<u>\$ 1,148,172</u>
<u>LIABILITIES:</u>	
Due to others	<u>\$ 1,148,172</u>

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

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CITY OF WEST FARGO  
West Fargo, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of West Fargo operates under a home rule charter and various city ordinances, as well as under certain statutes as outlined in the North Dakota Century Code. The financial statements of the City of West Fargo have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The accompanying financial statements present the activities of the City of West Fargo. The City of West Fargo has considered all potential component units for which the city is financially accountable, and other organizations 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. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. The criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City of West Fargo to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City of West Fargo.

Based on these criteria, there are no component units to be included within the City of West Fargo as a reporting entity.

**B. Government-wide and fund financial statements**

*Government-wide statements:* The statement of net position displays information on the financial activities of the city, with the exception of the fiduciary activities. Reporting on the internal activities has been eliminated to avoid duplication on the statements. The statements distinguish between governmental activities – which are normally financed through taxes and intergovernmental revenues – and business type activities – which are normally financed in whole or in part by fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities compares the direct expenses and program revenues for both the functions of the governmental activities and business-type activities of the city. Direct expenses are clearly identifiable with a specific function. Indirect expense allocations have been eliminated for the statement of financial activities. Program revenues include 1) fines, fees and charges for services to customers that benefit from the services provided, and 2) operating grants and contributions, and 3) capital grants are contributions, including special assessments. General revenues, including taxes, are those revenues that are not properly classified as program revenue.

*Fund Financial Statements:* The fund financial statements provide information about the city's funds including its fiduciary funds. Separate statements for each fund category-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, results from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The city reports the following major governmental funds:

*General Fund.* The general fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

*Sales Tax Fund:* The sales tax fund is used to account for the city sales tax revenue. The sales tax fund is a major special revenue fund with a committed revenue stream to transfer to debt service funds and to close out various capital projects.

*Debt Service Funds:* Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. Revenue sources in this fund are restricted solely for debt retirement.

*Capital Projects Funds.* Capital projects funds are used to account for financial resources, including special assessments, to be used for the acquisition or construction of major capital facilities, (other than those financed by proprietary funds and trust funds).

The city reports the following major business-type funds:

*Water and Sewer Fund:* This fund accounts for the provisions of water and sewer services to the residents of the city.

*Sanitation & Health Fund:* This fund is used to account for the provisions of garbage pickup and landfill services to the residents of the city.

In addition, the city reports the following fund type:

*Agency Funds:* Agency funds are used to account for assets held by the city as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

### **C. Measurement Focus and Basis of Accounting**

Government-wide, proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

## **CITY OF WEST FARGO**

### Notes to the Financial Statements – Continued

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Governmental Fund Financial Statements: 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 when they become both measurable and available. The city considers revenues to be available if they are collected within sixty days after year-end. Special assessments, intergovernmental revenues, charges for services and investment income are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

The city follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing generally accepted accounting principles for government entities. For government-wide and proprietary fund financial statements the city applies all GASB (Governmental Accounting Standards Board) pronouncements.

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

#### **D. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit, with a maturity date in excess of 90 days, CDAR investments, with a maturity of 28 days, stated at cost.

#### **E. Receivables and Payables**

Activities between funds that are representative of lending/borrowing transaction outstanding at the end of the fiscal year are designated as either "due to other funds" or "due from other funds" in the governmental fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All real estate is assessed as of the current value on February 1<sup>st</sup> of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1<sup>st</sup> of the year following the assessment date. A 5% reduction of the taxes is allowed if the taxes are paid in full by February 15<sup>th</sup>.

Penalty and interest are added on March 1<sup>st</sup> if the first half of the year taxes is not paid. Additional penalty and interest are added October 15<sup>th</sup> to those taxes that are not paid. Taxes are collected by the County and remitted to the city monthly.

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.

**F. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Capital assets are defined as having an individual cost of \$5,000 or more and have a useful life in excess of two years. Capital assets are valued at historical or estimated historical cost if actual cost historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

Major outlays for capital assets and improvements, including infrastructure, are capitalized as projects are constructed.

Depreciation has been provided over the estimated useful life, using the straight-line method for the city and the discretely presented component units, as follows:

<b>Assets</b>	<b>Years</b>
Buildings	30-50
Equipment	5-20
Vehicles	5-10
Infrastructure	20-40

**G. Long-Term Liabilities**

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as costs in the current period under provisions of GASB 65.

In the fund financial statements, governmental fund types recognize bond discounts and premiums, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing sources.

**H. Compensated Absences**

Employees accrue vacation leave at a rate of four hours per month for the first year of service. The accrual rate is increased to seven hours per month from two to four years of continuous service, and nine hours per month from five to nine years of service, twelve hours per month from ten to fourteen years of service, fourteen hours per month from fifteen to nineteen years of service and sixteen hours per month for over twenty years of service. A maximum of 240 vacation hours is payable upon termination. Accumulated unpaid vacation is accrued when earned in the government-wide and proprietary fund statements.

Sick leave is accrued at a rate of 3.75 hours per pay period from one to five years of service, and eight hours per month of continuous service after five years. A maximum of 480 hours of sick leave is payable upon termination with ten or more years of service. Accumulated unpaid sick leave is accrued when earned in the government-wide and proprietary fund statements.

**I. Pension**

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

**J. Other Post-Employment Benefits (OPEB)**

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

**K. Fund Balance / Net Position**

**Fund Balance**

Fund Balance Spending Policy

It is the policy of the City of West Fargo to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

<b>CLASSIFICATION</b>	<b>DEFINITION</b>	<b>EXAMPLES</b>
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, City Commission formal action is required to be taken to establish, modify or rescind a fund balance commitment.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government’s intent to be used for specific purposes, but are under the direction of the business manager.	By city administrator action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance (b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes	Available for any remaining general fund expenditure, and used to report negative fund balances of the capital projects funds, and other non-major special revenue funds.

The City of West Fargo reports non-spendable fund balance, restricted fund balances, committed fund balances, and unassigned fund balances at December 31, 2017.

Non-spendable fund balances are reported in the general fund and various debt service funds totaling for loans receivable and Economic Development loans.

## CITY OF WEST FARGO

### Notes to the Financial Statements – Continued

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Restricted fund balances are reported for the debt service fund and various functions within the special revenue funds for restricted tax levies, and amounts restricted by state and federal grants/contracts.

Committed fund balances are reported for the sales tax fund, committed by the governing board to close out various capital projects and for debt service, and the Future Building Fund, also committed by the governing board for construction which started in 2015.

Unassigned fund balances are reported for the general fund and for negative fund balances.

#### **Net Position**

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

Net investment in capital assets is reported for capital assets less accumulated depreciation and any related debt (bonds payable) issued to construct them. The resources needed to repay this related debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

Restrictions of net position shown in the net position statement are due to restricted tax levies and restricted Federal & State grants/reimbursements. Net position balances in the statement of net position is also shown by primary function as fund balances are shown and are restricted for debt service, general government, public safety, public works/streets, culture & recreation, economic development, capital projects, and other special purposes.

Unrestricted net position is primarily unrestricted amounts related to the general fund and enterprise funds, and amounts reclassified for negative cash balances from capital projects funds and applicable special revenue funds. The unrestricted net position is available to meet the district's ongoing obligations.

#### **L. Inter-fund Transactions**

In the fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reduction of expenditures in the fund that is reimbursed. All other transactions, except reimbursements, are reported as transfers.

#### **NOTE 2: DEPOSITS**

In accordance with North Dakota Statutes, the city maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, city, park district, or other political subdivision of the state of North Dakota. whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by any other state of the United States or such other securities approved by the banking board.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

At year ended December 31, 2017, the city's carrying amount of deposits was \$49,974,675, and the bank balances were \$53,533,156. Of the bank balances, \$1,500,000 was covered by Federal Depository Insurance, and \$26,960,961 was covered by SIPC and other applicable insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk:

The city may invest idle funds as authorized in North Dakota Statutes, as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct 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 the type listed above.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.

As of December 31, 2017, the city held certificates of deposit totaling \$1,125,701.

The city's bond rating was A1 during the year ended December 31, 2017.

**NOTE 3: RECEIVABLES**Accounts Receivable

Accounts receivable consists of amounts due from other government agencies and private individuals for services earned but not yet collected.

Utility Billings Receivable

Utility billings receivable consists of amounts due from citizens on open account for water, sewer and garbage services furnished by the city. No allowance has been established for estimated uncollectible utility billings receivable.

Intergovernmental Receivables

Intergovernmental receivable consists of amounts due from the state government for sales tax, highway tax, and state revenue sharing collected and not yet distributed but owed to the city at year-end.

Storefront Loans Receivable

Storefront loans receivable is made up of the following individual balances:

<b>Name/Business</b>	<b>Beg. Balance 1/1/17</b>	<b>Loan Forgiveness</b>	<b>Payments</b>	<b>Ending Balance 12/31/17</b>
Sandy's Donuts	\$ 12,318	\$ -	\$ 2,004	\$ 10,314
Off the Wall Advertising	12,652	-	2,004	10,648
Silver Dollar	12,986	-	2,004	10,982
Bordertown	13,320	10,000	3,320	-
Dan's Service Center	13,988	-	2,004	11,984
Westside Salon	14,001	-	1,570	12,431
Westgo Square	14,268	-	1,632	12,636
Payroll Express	15,825	-	2,004	13,821
<b>Total Loans Receivable</b>	<b>\$ 109,358</b>	<b>\$ 10,000</b>	<b>\$ 16,542</b>	<b>\$ 82,816</b>

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

Tax Increment Financing Loans Receivable

Tax increment financing loans receivable is made up of the following individual balances:

<b>Fund</b>	<b>Beg. Balance 1/1/17</b>	<b>Reclass/ Adjust.</b>	<b>Payments</b>	<b>End. Balance 12/31/17</b>
Due from Highpoint TIF	\$ 354,947	\$ (22,649)	\$ 21,779	\$ 310,519
Due from Lexstar TIF	139,999	(11,488)	18,738	109,773
Due from Titan/Fargo Hosp. TIF	852,707	227,315	55,833	1,024,189
<b>Total TIF Loans</b>	<b>\$ 1,347,653</b>	<b>\$ 193,178</b>	<b>\$ 96,350</b>	<b>\$ 1,444,481</b>

Taxes Receivable

The taxes receivable and special assessments receivable amounts represent the past three years of delinquent uncollected taxes. The long-term uncertified special assessments receivable represents amounts not yet certified/assessed, but are to be assessed in future years for various projects/debt service collections. No allowance has been established for uncollectible taxes or special assessments receivable, or long-term uncertified special assessments receivable.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material collections are distributed after the end of the month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

Special Assessments Receivable

Special assessments receivable consists of uncollected special assessments due the city at December 31 for debt service fund regular tax levies. No allowance has been established for uncollectible special assessments.

Long Term Special Assessments Receivable

Special assessments receivable consists of uncollected special assessments due the city at December 31 and uncertified special assessments, which represents a long-term receivable in the financial statements. No allowance has been established for uncollectible long-term special assessments receivable.

**NOTE 4: DEFERRED OUTFLOW OF RESOURCES**

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions and other post-employment benefits liabilities.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

**NOTE 5: INTER-FUND RECEIVABLES/PAYABLES AND TRANSFERS**

Interfund receivables and payables -- the amount of due to / due from other funds represents the \$34,495,722 total that the capital projects fund owes the debt service fund (\$34,495,722) for over expending their share of the pooled cash account.

Interfund Cash Transfers:

The following is a schedule of cash interfund transfers for the year ended December 31, 2017 (does not include capital asset transfers between governmental and business-type activities):

<b>Transfers In</b>					
<b>Transfers Out</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor Funds</b>	<b>Total</b>
General	\$ -	\$ -	\$ 2,000,000	\$ 142,000	\$ 2,142,000
Sales Tax	-	2,029,445	7,423,649	1,540,479	10,993,573
Debt Service	514,339	-	-	-	514,339
Capital Projects	-	2,920,655	608,067	-	3,528,722
Nonmajor Funds	1,598,933	-	-	60,461	1,659,394
<b>Total</b>	<b>\$2,113,272</b>	<b>\$4,950,100</b>	<b>\$10,031,716</b>	<b>\$1,742,940</b>	<b>\$18,838,028</b>

Interfund cash transfers in/out totaling \$18,838,028, consist of the following:

- \$1,598,933 from the highway tax fund 2130 to the general fund for street expenses
- \$2,000,000 from the general fund to capital projects fund 4499
- \$140,000 from the general fund to the tourist & event committee fund (\$10,000), vector control fund (\$30,000), and forestry fund (\$100,000) for operating expenses & \$2,000 into fund 2500 for national night out expenses
- \$2,029,445 from sales tax to debt service funds 3368 (\$940,945) and 3379 (\$1,088,500) for scheduled debt payments
- \$6,040,732 from sales tax fund 2000 to capital projects fund 2970
- \$1,540,479 from sales tax fund 2000 to non-major economic development fund 2960
- \$1,382,916 from sales tax fund 2000 to capital projects funds 4302 & 4365
- \$205,201 from capital projects funds 4049, 4051, 4353, 4362, 4366, & 4368 into debt service fund 3388
- \$2,715,455 from capital projects funds 4031, 4048, 4302, 4367, 4371, 4372, 4376, & 4586 into debt service fund 3389 (2017A RIB)
- \$608,067 from capital projects fund 2970 into capital projects funds 4052, 4369, 4396, 4480, 4498, & 4579
- \$60,461 of transfers out of non-major fund 7050 (airport authority) into non-major fund 7040 (airport authority bond construction)
- \$514,339 from debt service fund 3730 to general fund 1001 to close out fund 3730

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**NOTE 6: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2017:

**Governmental Activities**

<b>Governmental Activities</b>	<b>Balance 1/1/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/17</b>
<i>Capital assets not being depreciated:</i>					
Land	\$ 14,654,817	\$ 97,833	\$ -	\$ -	\$ 14,752,650
Construction in Progress	69,604,194	50,868,378	-	(33,231,974)	87,240,598
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 84,259,011</b>	<b>\$ 50,966,211</b>	<b>\$ -</b>	<b>\$ (33,231,974)</b>	<b>\$ 101,993,248</b>
<i>Capital assets being depreciated:</i>					
Buildings	\$ 12,975,611	\$ 63,906	\$ -	\$ -	\$ 13,039,517
Equipment	4,607,999	413,757	266,924	-	4,754,832
Land Improvements	13,687	-	-	-	13,687
Infrastructure	126,367,174	-	-	12,189,326	138,556,500
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 143,964,471</b>	<b>\$ 477,663</b>	<b>\$ 266,924</b>	<b>\$ 12,189,326</b>	<b>\$ 156,364,536</b>
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 1,403,126	\$ 293,782	\$ -	\$ -	\$ 1,696,908
Equipment	2,277,035	403,019	209,957	-	2,470,097
Land Improvements	2,737	456	-	-	3,193
Infrastructure	52,146,175	5,796,626	-	-	57,942,801
<b>Total Accumulated Depreciation</b>	<b>\$ 55,829,073</b>	<b>\$ 6,493,883</b>	<b>\$ 209,957</b>	<b>\$ -</b>	<b>\$ 62,112,999</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 88,135,398</b>	<b>\$ (6,016,220)</b>	<b>\$ 56,967</b>	<b>\$ 12,189,326</b>	<b>\$ 94,251,537</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 172,394,409</b>	<b>\$ 44,949,991</b>	<b>\$ 56,967</b>	<b>\$ (21,042,648)</b>	<b>\$ 196,244,785</b>

Depreciation expense was charged to the following functions/programs of the city's governmental activities for the current fiscal year:

<b>Governmental Activities</b>	<b>Amounts</b>
General Government	\$ 327,013
Public Safety	199,957
Public Works	5,962,478
Forestry	4,435
<b>Total Depreciation Expense</b>	<b>\$ 6,493,883</b>

**Business-Type Activities**

<b>Business-Type Activities</b>	<b>Balance 1/1/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/17</b>
<b>Water &amp; Sewer</b>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 1,620,110	\$ -	\$ -	\$ 237,500	\$ 1,857,610
<i>Capital assets being depreciated:</i>					
Buildings	\$ 2,652,603	\$ 8,000	\$ -	\$ -	\$ 2,660,603
Equipment	6,049,913	487,623	127,094	-	6,410,442
Land Improvements	3,751,796	-	-	-	3,751,796
Infrastructure	320,322,196	-	-	20,805,148	341,127,344
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 332,776,508</b>	<b>\$ 495,623</b>	<b>\$ 127,094</b>	<b>\$ 20,805,148</b>	<b>\$ 353,950,185</b>
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 217,998	\$ 53,512	\$ -	\$ -	\$ 271,510
Equipment	4,862,605	225,225	127,094	-	4,960,736
Land Improvements	3,751,796	-	-	-	3,751,796
Infrastructure	62,236,004	7,963,456	-	-	70,199,460
<b>Total Accumulated Depreciation</b>	<b>\$ 71,068,403</b>	<b>\$ 8,242,193</b>	<b>\$ 127,094</b>	<b>\$ -</b>	<b>\$ 79,183,502</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 261,708,105</b>	<b>\$ (7,746,570)</b>	<b>\$ -</b>	<b>\$ 20,805,148</b>	<b>\$ 274,766,683</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 263,328,215</b>	<b>\$ (7,746,570)</b>	<b>\$ -</b>	<b>\$ 21,042,648</b>	<b>\$ 276,624,293</b>

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

<b>Business-Type Activities</b>	<b>Balance</b>				<b>Balance</b>
<b>Sanitation and Health</b>	<b>1/1/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>12/31/17</b>
<i>Capital assets being depreciated:</i>					
Buildings	\$ 1,156,531	\$ -	\$ -	\$ -	\$ 1,156,531
Equipment	2,502,344	147,890	518,125	-	2,132,109
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 3,658,875</b>	<b>\$ 147,890</b>	<b>\$ 518,125</b>	<b>\$ -</b>	<b>\$ 3,288,640</b>
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 216,285	\$ 23,148	\$ -	\$ -	\$ 239,433
Equipment	1,018,188	144,180	367,178	-	795,190
<b>Total Accumulated Depreciation</b>	<b>\$ 1,234,473</b>	<b>\$ 167,328</b>	<b>\$ 367,178</b>	<b>\$ -</b>	<b>\$ 1,034,623</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 2,424,402</b>	<b>\$ (19,438)</b>	<b>\$ 150,947</b>	<b>\$ -</b>	<b>\$ 2,254,017</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 2,424,402</b>	<b>\$ (19,438)</b>	<b>\$ 150,947</b>	<b>\$ -</b>	<b>\$ 2,254,017</b>

<b>Business-Type Activities</b>	<b>Balance</b>				<b>Balance</b>
<b>Total</b>	<b>1/1/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>12/31/17</b>
<i>Capital assets not being depreciated:</i>					
Land	\$ 1,620,110	\$ -	\$ -	\$ 237,500	\$ 1,857,610
<i>Capital assets being depreciated:</i>					
Buildings	\$ 3,809,134	\$ 8,000	\$ -	\$ -	\$ 3,817,134
Equipment	8,552,257	635,513	645,219	-	8,542,551
Land Improvements	3,751,796	-	-	-	3,751,796
Infrastructure	320,322,196	-	-	20,805,148	341,127,344
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 336,435,383</b>	<b>\$ 643,513</b>	<b>\$ 645,219</b>	<b>\$ 20,805,148</b>	<b>\$ 357,238,825</b>
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 434,283	\$ 76,660	\$ -	\$ -	\$ 510,943
Equipment	5,880,793	369,405	494,272	-	5,755,926
Land Improvements	3,751,796	-	-	-	3,751,796
Infrastructure	62,236,004	7,963,456	-	-	70,199,460
<b>Total Accumulated Depreciation</b>	<b>\$ 72,302,876</b>	<b>\$ 8,409,521</b>	<b>\$ 494,272</b>	<b>\$ -</b>	<b>\$ 80,218,125</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 264,132,507</b>	<b>\$ (7,766,008)</b>	<b>\$ 150,947</b>	<b>\$ 20,805,148</b>	<b>\$ 277,020,700</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 265,752,617</b>	<b>\$ (7,766,008)</b>	<b>\$ 150,947</b>	<b>\$ 21,042,648</b>	<b>\$ 278,878,310</b>

**NOTE 7: LONG-TERM LIABILITIES**

During the year ended December 31, 2017, the following changes occurred in long-term liabilities of governmental and business type activities:

**Governmental Activities**

<b>Governmental Activities</b>	<b>Bal. Jan. 1</b>			<b>Balance</b>	<b>Due Within</b>
	<b>(Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Dec. 31</b>	<b>One Year</b>
Bonds Payable					
G.O. Bonds	\$ 6,420,000	\$ -	\$ 705,000	\$ 5,715,000	\$ 730,000
Spec. Assmt. Bonds	226,565,000	36,860,000	16,510,000	246,915,000	16,590,000
Revenue Bonds	2,355,000	-	220,000	2,135,000	220,000
<b>Total Bonds Payable</b>	<b>\$ 235,340,000</b>	<b>\$ 36,860,000</b>	<b>\$ 17,435,000</b>	<b>\$ 254,765,000</b>	<b>\$ 17,540,000</b>
Bond Premium	\$ 2,336,559	\$ 2,715,455	\$ 263,525	\$ 4,788,489	\$ 263,525
Bond Discount	\$ (885,007)	\$ (412,617)	\$ (60,453)	\$ (1,237,171)	\$ (60,453)
BND Drawdown Payable	\$ 6,691,805	\$ 8,308,195	\$ 388,568	\$ 14,611,432	\$ 312,901
Compensated Absences *	1,510,665	-	360,016	1,150,649	115,065
Net Pension and OPEB Liability *	5,675,955	3,916,842	-	9,592,797	-
<b>Total Governmental Activities</b>	<b>\$ 250,669,977</b>	<b>\$ 51,387,875</b>	<b>\$ 18,386,656</b>	<b>\$ 283,671,196</b>	<b>\$ 18,171,038</b>

\* The change in compensated absences, and net pension & OPEB liability is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

**General Obligation Bonds**

The city issued general obligation bonds in 2009 to provide funds for the construction of major capital assets for governmental type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the city. These bonds generally are issued as 20-year serial bonds with equal amounts maturing each year. General obligation bonds currently outstanding are as follows:

\$10,000,000 Refunding Bond G.O. Bonds of 2009 due in annual installments of \$730,000 to \$915,000 through 2024; interest at 3.20% to 4.35%. \$ 5,715,000

**Special Assessment Bonds**

The city issued \$36,860,000 of special assessment debt in 2017 to provide funds for the construction of streets, water and sewer lines, storm sewers, and street lights in new residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the city must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Special assessment bonds at December 31, 2017 is comprised of the following individual issues:

\$10,340,000 Refunding Improvement Bonds of 2007, Series A, due in annual installments of \$180,000 to \$690,000 through 2023; interest at 4.0%.	\$ 3,585,000
\$6,345,000 Refunding Improvement Bonds of 2007, Series B due in annual installments of \$265,000 to \$420,000 through 2023; interest at 4.0% to 4.25%.	2,320,000
\$215,000 of 2008 Sidewalk Bonds, due in one remaining installment of \$20,000, interest at 4.0%	20,000
\$2,735,000 Refunding Improvement Bonds 2008, Series B due in annual installments of \$175,000 to \$185,000 through 2023; interest 4.0% to 4.5%.	1,070,000
\$7,080,000 Refunding Improvement Bonds 2008, Series C due in annual installments of \$450,000 to \$465,000 through 2024; interest 4.1% to 4.75%.	3,200,000
\$5,430,000 Refunding Improvement Bonds of 2009, Series B (refund of 2003C and 2003D) due in one annual installment of \$290,000 in 2018; interest at 3.2%.	290,000
\$7,725,000 Refunding Improvement Bonds of 2009, Series C, due in annual installments of \$310,000 to \$325,000 through 2034; interest at 3.0% to 4.85%.	5,395,000
\$5,935,000 Refunding Improvement Bonds of 2010, Series A, due in annual installments of \$600,000 to \$605,000 through 2019; interest at 3.0% to 3.25%.	1,205,000

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

Special assessment bonds at December 31, 2017 is comprised of the following individual issues:

\$7,130,000 Refunding Improvement Bonds of 2010, Series B, due in annual installments of \$265,000 to \$320,000 through 2035; interest at 2.0% to 4.0%.	\$ 5,165,000
\$525,000 Sidewalk Warrants of 2010 (6048) due in annual installments of \$50,000 through 2020; interest at 2.0% to 2.4%.	150,000
\$5,315,000 Refunding Improvement Bonds 2011, Series A due in annual installments of \$550,000 to \$565,000 through 2020; interest 3.45% to 4.0%.	1,670,000
\$2,645,000 Refunding Improvement Bonds 2011, Series B due in annual installments of \$175,000 to \$295,000 through 2020; interest 3.0% to 3.2%.	760,000
\$9,960,000 Refunding Improvement Bonds 2011, Series C due in annual installments of \$380,000 to \$440,000 through 2036; interest 2.0% to 4.0%.	7,615,000
\$15,630,000 Refunding Improvement Bonds of 2012, Series A, due in annual installments of \$535,000 to \$755,000 through 2036; interest rate from 3.0% to 4.25%.	11,390,000
\$170,000 Sidewalk Bonds of 2012, due in annual installments of \$15,000 to \$20,000 through 2022 at 2.25% interest.	95,000
\$6,030,000 Refunding Improvement Bonds of 2012, Series B, refinance of 2006A, due in annual installments of \$595,000 to \$650,000 through 2021; interest rate from 1.15% to 1.85%.	2,490,000
\$9,740,000 Refunding Improvement Bonds of 2012, Series C, refinance of 2005B and 2005D, due in annual installments of \$405,000 to \$1,015,000 through 2021; interest rate at 4.50%.	3,750,000
\$37,600,000 Refunding Improvement Bonds of 2012, Series D, included refinance of 2008A, due in annual installments of \$1,145,000 to \$1,600,000 through 2037; interest rate from 2.0% to 3.375%.	26,730,000
\$15,900,000 Refunding Improvement Bonds of 2014, Series A, due in annual installments of \$570,000 to \$725,000 through 2037; interest rate from 2.0% to 3.25%.	12,825,000
\$13,630,000 Refunding Improvement Bonds of 2014, Series B, due in annual installments of \$470,000 to \$635,000 through 2038; interest rates from 3.0% to 4.2%.	11,415,000
\$17,775,000 Refunding Improvement Bonds 2014, Series A due in annual installments of \$610,000 to \$870,000 through 2038; interest 2.0% to 3.625%.	15,075,000
\$20,460,000 Refunding Improvement Bonds 2014, Series B due in annual installments of \$750,000 to \$960,000 through 2039; interest 2.0% to 5.0%.	18,465,000

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

Special assessment bonds at December 31, 2017 is comprised of the following individual issues:

\$28,180,000 Refunding Improvement Bonds 2015, Series A due in annual installments of \$1,000,000 to \$1,425,000 through 2040; interest 2.0% to 5.0%.	\$ 25,325,000
\$24,400,000 Refunding Improvement Bonds 2015, Series B due in annual installments of \$1,000,000 to \$1,050,000 through 2040; interest 2.0% to 5.0%.	23,645,000
\$27,130,000 Refunding Improvement Bonds of 2017, Series A, due in annual installments of \$880,000 to \$1,375,000 through 2035; interest at 1.5% to 4.5%.	26,405,000
\$36,860,000 of Refunding Improvement Bonds of 2017, Series A, due in annual installments of \$745,000 to \$2,110,000 through 2042; interest at 3.0% to 5.0%.	<u>36,860,000</u>
Total Special Assessment Bonds	<u>\$ 246,915,000</u>

**Revenue Bonds**

Tax Increment Finance Revenue Bonds are issued for certain tax increment financing districts for redevelopment, infrastructure, and other community-improvement projects pursuant to state law as found in North Dakota Century Code sections 40-58-20, 40--58-20.1, 40-58-20.2 and 40-58-20.3.

Sales tax revenue bonds are paid from proceeds of sales tax pursuant to Article 3 (16) of the West Fargo Home Rule Charter authorizing the pledge of sales tax proceeds to pay bonds issued to construct, and maintain infrastructure improvements, job creation, and business recruitment.

Revenue and TIF bonds at December 31, 2017 is comprised of the following individual issues:

\$2,060,000 Sales Tax Revenue Bond, Series 2012, due in annual payments of \$175,000 to \$410,000 through 2023; interest rate of 3.0%.	\$ 1,340,000
\$570,000 Tax Increment Revenue Bonds of 2009, due in annual installments of \$35,000 to \$50,000; interest at 4.0% to 4.5%.	345,000
\$530,000 Municipal Bonds of 2009 (TIF), due in annual installments of \$10,000 to \$35,000 through 2039; interest at 4.0% to 5.0%.	<u>450,000</u>
Total Revenue & TIF Bonds	<u>\$ 2,135,000</u>
Total Bonds	<u>\$ 254,765,000</u>

**Bank of North Dakota – Drawdown Payable**

Two loan lines of credit exist with the Bank of North Dakota to draw down up to \$15,000,000 for construction costs related to fund 4586 for the 32<sup>nd</sup> and 40<sup>th</sup> Avenue West to Diversion project. As of December 31, 2017, the city drew down \$ of the loan lines of credit.

\$10,00,000 Drawdown, due in annual installments of \$508,533 through 2041; interest at 2.0%.	\$ 9,611,432
\$5,00,000 Drawdown, due in annual installments of \$259,729 through 2043; interest at 2.0%.	<u>5,000,000</u>
Total Drawdown Payable	<u>\$ 14,611,432</u>

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

Governmental activities debt service requirements to maturity (excluding compensated absences and net pension/OPEB liabilities) at December 31, 2017 are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>						
<b>Year Ending Dec. 31</b>	<b>G.O. Bonds Payable</b>		<b>Special Assessment Bonds</b>		<b>Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 730,000	\$ 222,138	\$ 16,590,000	\$ 8,545,493	\$ 220,000	\$ 71,958
2019	755,000	198,777	16,435,000	7,756,299	230,000	65,603
2020	780,000	173,108	15,485,000	7,201,860	240,000	58,008
2021	810,000	144,248	13,695,000	6,673,506	245,000	50,079
2022	845,000	111,847	12,535,000	6,173,430	260,000	41,849
2023 - 2027	1,795,000	117,005	53,940,000	24,524,662	635,000	101,404
2028 - 2032	-	-	49,720,000	15,548,266	100,000	63,650
2033 - 2037	-	-	46,465,000	7,164,643	140,000	34,500
2038 - 2042	-	-	22,050,000	1,346,095	65,000	3,375
<b>Totals</b>	<b>\$ 5,715,000</b>	<b>\$ 967,123</b>	<b>\$ 246,915,000</b>	<b>\$ 84,934,254</b>	<b>\$ 2,135,000</b>	<b>\$ 490,424</b>

<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Year Ending Dec. 31</b>	<b>Drawdown Payable</b>		<b>Bond Premium/Discounts</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Premium</b>	<b>Discount</b>
2018	\$ 312,901	\$ 195,432	\$ 263,525	\$ 60,453
2019	409,869	358,193	263,525	60,453
2020	490,289	277,773	263,525	60,453
2021	500,094	267,967	263,525	52,493
2022	510,096	257,966	194,513	52,493
2023 - 2027	2,707,653	1,132,656	972,567	262,464
2028 - 2032	2,989,468	850,842	972,567	262,464
2033 - 2037	3,300,614	539,696	972,567	262,464
2038 - 2042	3,135,812	196,165	622,174	163,434
2043 - 2047	254,636	5,093	-	-
<b>Totals</b>	<b>\$ 14,611,432</b>	<b>\$ 4,081,783</b>	<b>\$ 4,788,488</b>	<b>\$ 1,237,171</b>

**Operating Lease - Copier**

The City of West Fargo entered an operating lease with Laser Systems for a copier in 2016. The lease calls for 63 monthly payments of \$704.51 each. Total operating lease payments made in 2017 totaled \$8,454.

Remaining operating lease payment commitments to Laser Systems for the copier are as follows at December 31, 2017:

<b>Year Ended</b>	<b>Amounts</b>
2018	\$ 8,454
2019	8,454
2020	8,454
2021	6,341
<b>Total</b>	<b>\$ 31,703</b>

**Business-Type Activities**

<b>Business-Type Activities (Water and Sewer)</b>	<b>Bal. Jan. 1 (Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec. 31</b>	<b>Due Within One Year</b>
Sewer Bonds	\$ 13,870,000	\$ -	\$ 630,000	\$ 13,240,000	\$ 640,000
Compensated Absences *	364,830	-	72,858	291,972	29,197
Net Pension and OPEB Liability *	1,158,986	797,515	-	1,956,501	-
<b>Total Business-Type Activities</b>	<b>\$ 15,393,816</b>	<b>\$ 797,515</b>	<b>\$ 702,858</b>	<b>\$ 15,488,473</b>	<b>\$ 669,197</b>

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

<b>Business-Type Activities (Sanitation and Health)</b>	<b>Bal. Jan. 1 (Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec. 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 157,281	\$ -	\$ 26,180	\$ 131,101	\$ 13,110
Net Pension and OPEB Liability *	667,006	373,051		1,040,057	-
<b>Total Business-Type Activities</b>	<b>\$ 824,287</b>	<b>\$ 373,051</b>	<b>\$ 26,180</b>	<b>\$ 1,171,158</b>	<b>\$ 13,110</b>

<b>Business-Type Activities (Total)</b>	<b>Bal. Jan. 1 (Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec. 31</b>	<b>Due Within One Year</b>
Sewer Bonds	\$13,870,000	\$ -	\$ 630,000	\$13,240,000	\$ 640,000
Compensated Absences *	522,111	-	99,038	423,073	42,307
Net Pension and OPEB Liability *	1,825,992	1,170,566	-	2,996,558	-
<b>Total Business-Type Activities</b>	<b>\$16,218,103</b>	<b>\$1,170,566</b>	<b>\$ 729,038</b>	<b>\$16,659,631</b>	<b>\$ 682,307</b>

\* The change in compensated absences, and net pension & OPEB liability is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

**Sewer Bonds**

\$9,145,000 Water & Sewer Refunding Bonds 2012, (2005), due in annual installments of \$430,000 to \$630,000 through 2030; interest at 2.75% to 4.25% - enterprise funds (Business-Type Activities). \$ 6,805,000

\$7,870,000 Water and Sewer Revenue Bonds Series 2009 due in annual installments of \$210,000 to \$1,140,000 through 2034; interest at 5.0% to 6.375% - enterprise funds (Business-Type Activities) 6,435,000

Total Business-Type Activities Revenue Bonds \$ 13,240,000

Business-Type activities debt service requirements to maturity (excluding compensated absences and net pension/OPEB liabilities) at December 31, 2017 are as follows:

<b>BUSINESS TYPE ACTIVITIES</b>		
<b>Year Ending Dec. 31</b>	<b>Revenue Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 640,000	\$ 627,625
2019	665,000	605,300
2020	690,000	580,400
2021	715,000	554,060
2022	745,000	523,840
2023 - 2027	4,235,000	2,095,058
2028 - 2032	3,910,000	1,086,211
2033 - 2037	1,640,000	177,225
<b>Totals</b>	<b>\$ 13,240,000</b>	<b>\$ 6,249,719</b>

**NOTE 8: DEFERRED INFLOW OF RESOURCES**

Deferred inflows of resources at the government-wide level consist of amounts related to pensions and other post-employment benefits liabilities.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At year end, deferred inflows of resource on the balance sheet consisted of the following:

<b>Deferred Inflows - Balance Sheet</b>	<b>Amounts</b>
<b>Governmental Activities</b>	
<u>Taxes Receivable</u>	
General Fund	\$ 73,430
Debt Service Funds	26,971
Nonmajor Funds	10,822
<u>Special Assessment Receivable - Current</u>	
Debt Service Funds	997,920
<u>Long Term Uncertified Special Assessments</u>	
Debt Service Funds	221,132,905
<b>Total Deferred Inflows - Balance Sheet</b>	<b>\$ 222,242,048</b>

**NOTE 9: PENSION PLAN****General Information about the Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan. Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management

***Pension Benefits***

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

***Death and Disability Benefits***

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

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

***Refunds of Member Account Balance***

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

***Member and Employer Contributions***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

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

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

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

At December 31, 2017, the Employer reported a liability of \$12,030,675 (\$9,167,095 governmental / \$2,863,580 business-type) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017 the Employer's proportion was .748489 percent, which was an increase of .036282 percent from its proportion measured as of June 30, 2016.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

For the year ended 12/31/2017 the Employer recognized pension expense of \$1,948,001 (\$1,484,332 governmental / \$463,669 business-type). At 12/31/2017 the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Governmental</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 54,489	\$ 44,664
Change in proportion and differences between employer contributions & proportionate share of contributions	383,066	(1)
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	123,290	-
Changes of Assumptions	3,759,127	206,760
District Contributions Subsequent to the Measurement Date	455,314	-
<b>Total</b>	<b>\$ 4,775,286</b>	<b>\$ 251,423</b>

<b>Business Type - Water &amp; Sewer</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 11,113	\$ 9,109
Change in proportion and differences between employer contributions & proportionate share of contributions	78,128	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	25,146	-
Changes of Assumptions	766,694	42,170
District Contributions Subsequent to the Measurement Date	92,864	-
<b>Total</b>	<b>\$ 973,945</b>	<b>\$ 51,279</b>

<b>Business Type - Sanitation &amp; Health</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 5,908	\$ 4,843
Change in proportion and differences between employer contributions & proportionate share of contributions	41,532	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	13,367	-
Changes of Assumptions	407,567	22,417
District Contributions Subsequent to the Measurement Date	49,366	-
<b>Total</b>	<b>\$ 517,740</b>	<b>\$ 27,260</b>

<b>Total Business Type</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 65,602	\$ 13,952
Change in proportion and differences between employer contributions & proportionate share of contributions	119,660	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	38,513	-
Changes of Assumptions	1,174,261	64,587
District Contributions Subsequent to the Measurement Date	142,230	-
<b>Total</b>	<b>\$ 1,540,266</b>	<b>\$ 78,539</b>

\$597,543 (\$455,314 governmental / \$142,229 business-type) reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.



**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

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

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

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through the year of 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (5.44%)</b>	<b>Current Discount Rate (6.44%)</b>	<b>1% Increase (7.44%)</b>
<u>Governmental</u>	\$ 12,444,612	\$ 9,167,095	\$ 6,440,338
<u>Business-Type</u>			
Water & Sewer	2,538,144	1,869,677	1,313,541
Health & Sanitation	1,349,253	993,902	698,266

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

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

**North Dakota Public Employees Retirement System**

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

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

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

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

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

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

At December 31, 2017, the Employer reported a liability of \$558,681 (Governmental - \$425,702, Business-Type - \$132,979) for its proportionate share of the net liability. The net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017 the Employer's proportion was .706287 percent.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

For the year ended December 31, 2017, the Employer recognized OPEB expense of \$66,978, (\$51,036 governmental / \$15,942 business-type). At December 31, 2017 the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Governmental</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 10,383
Changes of Assumptions	41,231	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	16,095
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	1,776
City Contributions Subsequent to the Measurement Date	-	-
<b>Total Governmental</b>	<b>\$ 41,231</b>	<b>\$ 28,254</b>

<b>Business Type - Sewer &amp; Water</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 2,118
Changes of Assumptions	8,409	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	3,283
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	362
City Contributions Subsequent to the Measurement Date	-	-
<b>Total Water Fund</b>	<b>\$ 8,409</b>	<b>\$ 5,763</b>

<b>Business-Type - Health &amp; Sanitation</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 1,126
Changes of Assumptions	4,470	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	1,745
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	192
City Contributions Subsequent to the Measurement Date	-	-
<b>Total Sewer Fund</b>	<b>\$ 4,470</b>	<b>\$ 3,063</b>

<b>Total Business-Type</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 3,244
Changes of Assumptions	12,879	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	5,028
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	554
City Contributions Subsequent to the Measurement Date	-	-
<b>Total Business-Type</b>	<b>\$ 12,879</b>	<b>\$ 8,826</b>

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

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

	Governmental	Business-Type	
		Water & Sewer Fund	Health & San. Fund
2018	\$ 527	\$ 108	\$ 57
2019	527	108	57
2020	527	108	57
2021	528	107	57
2022	4,551	928	494
2023	4,551	928	493
Thereafter	1,766	360	192

**Actuarial assumptions.** The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.50%, net of investment expenses, including inflation
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

**Discount rate.** The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017 and July 1, 2016 HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on RHIC plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF WEST FARGO**

## Notes to the Financial Statements – Continued

***Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate.*** The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

<b>Proportionate Share of the Net OPEB Liability</b>	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Governmental	\$ 532,927	\$ 425,702	\$ 333,791
<u>Business-Type</u>			
Water & Sewer Fund	108,693	86,824	68,078
Health & Sanitation Fund	57,780	46,155	36,190

**NOTE 11: RISK MANAGEMENT**

The City of West Fargo is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City of West Fargo pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile and \$7,814,776 for mobile equipment and portable property (public assets).

The City of West Fargo also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the city with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City of West Fargo has worker's compensation insurance with North Dakota Workforce, Safety and Insurance and provides health, dental and vision insurance benefits for full-time employees through Blue Cross Blue Shield of North Dakota. The city pays 87.5% for single coverage or 75% of family, employee with spouse or single with dependents coverage.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**NOTE 12: INDIVIDUAL FUND DEFICITS**

The following funds were in a deficit fund balance and cash balance position at December 31, 2017:

<b>Fund Name</b>	<b>Fund Balance</b>	<b>Cash</b>
<u>Debt Service Funds (3000's):</u>		
Sidewalk 2006	\$ (36,084)	\$ (36,084)
Sidewalk District 2012	(116,661)	(116,661)
2014B-RIB	(320,322)	(320,322)
<u>Capital Projects Funds (4000's):</u>		
3001 1st Ave. E. Improvements	(2,473,801)	(2,473,801)
2241 5th St. West. Ext. (27th to 28th Ave. W.)	(333,072)	(333,072)
2240 8th Ave. NW. & 26th St. NW - Paving	(1,993,255)	(1,993,255)
2242 Street Improvement District	(206,770)	(206,770)
4058 Storm Lift Station (SM 71)	(131,107)	(131,107)
2243 Street Improvement District	(1,930,541)	(1,930,541)
4060 Storm Sewer Lift SA 72 Improvements	(1,642,772)	(1,642,772)
Storm Lift SM 33 Rehabilitation	(238,595)	(238,595)
4061 Storm Lift Rehab (SM 25, 28, 44)	(1,318,413)	(1,318,413)
4062 Storm Lift SM 75 & CR 19 Abandonment	(264,224)	(264,224)
2219 7th Ave - 17th to 45th Street Impr.	(5,345)	(5,345)
1279 12th Ave N-45th Str to Cty 19 Impr	(8,679,989)	(8,679,989)
1295 Highland Meadows 2nd Addition	(3,606,432)	(3,606,432)
1296 Lagoon System Improvements	(62,604)	(62,604)
1297 Sewer Improvement District	(2,654,348)	(2,654,348)
1301 Water Storm Sewer Street District	(3,780,367)	(3,780,367)
1292 North Pond at the Preserve 9th	(903,988)	(903,988)
1299 Lift Station SA13 Rehabilitation	(128,946)	(128,946)
1300 Reiver Bend at Preserve 4th Addition	(2,066,325)	(2,066,325)
1303 Oak Ridge 11th Addition	(1,142,636)	(1,142,636)
1302 Water Tank Rehabilitation	(1,176,719)	(1,176,719)
1304 26th Ave. W. & 5th CT W	(275,350)	(275,350)
1305 Wilds 9th & SA 46	(3,832,754)	(3,832,754)
1308 Fargo Wastewater Connection Project	(124)	(124)
Lagoon Decommissioning Project	(124)	(124)
1310 South Reginal Sanitary Sewer Forcemain	(2,995)	(2,995)
2248 1st Ave. & 10 St. E. Improvement District	(270)	(270)
2250 Sheyenne St. Improvement District	(856)	(856)
1311 Brooks Harbor Water Tower	(135,162)	(135,162)
1312 Water Improvement District	(150)	(150)
2251 13th Ave. (12th to 45th) Reconstruct.	(39,041)	(39,041)
6053 Sidewalk Improvement District	(128,858)	(128,858)
2249 Street Improvement District	(124)	(124)
1313 Sewer Improvement District	(120)	(120)
Sheyenne St S of I94	(632,860)	(632,860)
2246 Traffic Calming Elmwood Ct	(165,054)	(165,054)

The city will take appropriate action concerning these deficits by utilizing one or a combination of the following methods:

- Transfer general fund, sales tax fund, and capital project fund moneys sufficient to relieve deficits
- Issue bonds to finance capital projects
- Collect special assessments to relieve deficits

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

**NOTE 13: CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustments 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Additionally, the city is defendant in certain lawsuits incident to its operations. In the opinion of City Counsel and management, such claims against the city not covered by insurance would not materially affect the financial condition of the city.

**NOTE 14: OPEN CONSTRUCTION PROJECTS**

The city had 22 construction projects open at year-end. The total amount of construction costs in progress was \$35,088,097 with contract amounts of \$56,815,358 leaving total construction commitments of \$21,727,261 at December 31, 2017. Additionally, retainages payable related to construction at December 31, 2017 totaled \$960,965.

Project	Contract Amount	Total Completed	Remaining Balance	Retainage
Storm Improvement District No. 4058	\$ 135,353	\$ 105,237	\$ 30,116	\$ -
Sewer, Water, Storm and Street District No. 1301	3,364,812	3,362,187	2,625	5,000
Sewer, Water, Storm and Street District No. 1273-Phase III	1,295,400	1,400,696	(105,296)	1,000
Sewer, Water, Storm and Street District No. 1289-Phase II	7,128,215	7,350,555	(222,340)	10,351
Sewer, Water, Storm and Street District No. 1295	3,412,533	3,213,775	198,758	70,000
Sewer, Water, Storm and Street District No. 1300	1,880,599	1,892,851	(12,252)	-
Sewer, Water, Storm and Street District No. 1305	5,218,551	3,583,475	1,635,076	260,928
Storm Improvement District No. 4059 - Electrical Constr.	98,407	98,407	-	-
HEU-8-992(038)039	4,933,856	1,456,186	3,477,670	29,124
SU8-992(036)037	19,388,757	3,822,496	15,566,261	76,449
Infrastructure Replacement District No. 3001	2,627,333	2,476,221	151,112	247,622
Storm Improvement District No. 4057 - General Constr.	1,896,900	1,842,400	54,500	9,484
Storm Improvement District No. 4059 - General Constr.	152,626	151,866	760	7,550
Storm Improvement District No. 4060 - General Constr.	1,481,607	1,353,239	128,368	74,080
Storm Improvement District No. 4060 - Electrical Constr.	348,400	130,474	217,926	13,047
Storm Improvement District No. 4061 - General Constr.	1,307,802	1,191,227	116,575	65,390
Storm Improvement District No. 4061 - Electrical Constr.	115,293	33,527	81,766	3,353
Storm Improvement District No. 4062 - General Constr.	371,813	226,425	145,388	18,591
Storm Improvement District No. 4062 - Electrical Constr.	50,327	4,500	45,827	450
Water Improvement Project No. 1302	935,535	877,460	58,075	46,777
Street Improvement District No. 2241	435,389	279,043	156,346	21,769
Sanitary System Improvements - Electrical Constr.	235,850	235,850	-	-
<b>Total</b>	<b>\$56,815,358</b>	<b>\$ 35,088,097</b>	<b>\$ 21,727,261</b>	<b>\$ 960,965</b>

**NOTE 15: TAX ABATEMENTS**

The City of West Fargo negotiates property tax abatement agreements on an individual basis with certain individuals and various commercial entities/businesses. The city has the following types of tax abatement agreements with various individuals and commercial entities at December 31, 2017.

The City of West Fargo will state individually the parties whom received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

**New and Expanding Business:**

Businesses that are primarily industrial, commercial, retail or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40.57.1-03) and the guidelines stated below. The following criteria are only guidelines.

General criteria — In evaluation applications for property tax exemption, the City Council will consider the following factors:

- Economic impact through increased construction activity, equipment purchases, additional product purchases, additional work activity, immediate and projected increases in property values, and impact on future tax collections
- Number of jobs created and employee benefits (types of jobs — professional, managerial, technical, skilled, unskilled with emphasis on full-time positions)
- Diversification of economic base
- Growth potential of company and industry and potential spin-off benefits
- Impact on city services: Can the company be accommodated within existing service levels, or will additional capacity be needed? Is the company locating where better use of existing services will take place or further the development plans of the city?
- Utilization of local resources: Will the company be an exporter from our region? Will it provide support services to existing companies? Use of raw materials and services developed in the area

**Exemption Criteria:**

Amount of exemption is per the following schedule: Year 1 — 100%, Year 2 — 100%, Year 3 — 75%, Year 4 — 50%, Year 5 — 25%.

**2017 Reduction in Taxes – Other Entities:**

Total program reduction in taxes – \$47,093

**Public Charity Exemption:**

Public Charities are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(8)) and the guidelines stated below. The following criteria are only guidelines.

All buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land actually occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner.

**Exemption criteria:**

Property exempt if the qualified facility is used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit.

**2017 Reduction in Taxes – Other Entities:**

Total program reduction in taxes – \$1,095

**Single Family Residence:**

Single Family property owners are eligible for property tax incentives for the specified property that meet state requirements (NDCC 57-02-08(35)).

## CITY OF WEST FARGO

### Notes to the Financial Statements – Continued

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General Criteria -- Up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time if all the following conditions are met:

- a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.
- b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

#### 2017 Reduction in Taxes – Other Entities:

Total Program Reduction in taxes – \$280,969

#### **Childhood Services Exemption**

Childhood Services (also adult daycare) are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(36)) and the guidelines stated below. The following criteria are only guidelines.

The governing body of the city, for property within city limits, or of the county, for property outside city limits, may grant a property tax exemption for the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under chapter 50-11.1 or used primarily as an adult day care center. However, this exemption is not available for property used as a residence.

#### 2017 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$4,292

#### **Commercial and Residential:**

Commercial and Residential property are eligible for property tax incentives if they meet state requirements (NDCC 57-02.2-03) and the guidelines stated below. The following criteria are only guidelines.

Under NDCC 57-02.2-03 improvements to commercial and residential buildings and structures as defined in this chapter may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements, if the exemption is approved by the governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits. The governing body of the city or county may limit or impose conditions upon exemptions under this section, including limitations on the time during which an exemption is allowed. A resolution adopted by the governing body of the city or county under this section may be rescinded or amended at any time. The exemption provided by this chapter shall apply only to that part of the valuation resulting from the improvements which is over and above the assessed valuation, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. Any person, corporation, limited liability company, association, or organization owning real property and seeking an exemption under this chapter shall file with the assessor a certificate setting out the facts upon which the claim for exemption is based. The assessor shall determine whether the improvements qualify for the exemption based on the resolution of the governing body of the city or county, and if the assessor determines that the exemption should apply, upon approval of the governing body, the exemption is valid for the prescribed period and shall not terminate upon the sale or exchange of the property but shall be transferable to subsequent owners. If the certificate is not filed as herein provided, the assessor shall regard the improvements as nonexempt and shall assess them as such.

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

2017 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$3,486

**NOTE 16: SUBSEQUENT EVENTS**

On February 1, 2018, the City of West Fargo called refunding bonds Series' 2007A, 2007B, 2008B, and 2012C and issued refunding bonds Series 2018A at a par value of \$9,275,000.

On March 5, 2018, the City of West Fargo approved a bid (5-year term at 2.75% interest) for equipment lease financing by Choice Financial Bank in the amount of \$700,000.

**NOTE 17: PRIOR PERIOD ADJUSTMENTS**

Due to Change in Accounting Principle:

Due to the provisions of GASB Statement No. 75 'Accounting and Financing Reporting for Postemployment Benefit Plans Other than Pensions', the beginning balance of the liability related to the retiree health insurance credit fund.

Due to Prior Errors

The beginning balances of the debt service, capital projects, and total non-major funds were restated to properly account for certain reclassifications of items in debt service funds and to remove prior receivables reported in debt service funds and reclassify them to the non-major funds. Additionally, the beginning amount of bond premium and bond discount were reported in governmental activities to properly reflect those in the beginning net position balance.

**Governmental Activities**

<b>Governmental Activities</b>	<b>Amounts</b>
Beginning Net Position, as previously reported	\$ 138,952,281
<b>Adjustments to restate the January 1, 2017 Net Position:</b>	
Modified Accrual Adjustments - Debt Service Funds	(1,597,620)
Modified Accrual Adjustments - Capital Projects Funds	270,000
Modified Accrual Adjustments - Non-Major Funds	1,159,100
Beginning Bond Premium	(2,336,559)
Beginning Bond Discount	885,007
Report Beginning Balance of OPEB Liability - retiree health	(424,297)
Net Position January 1, as restated	\$ 136,907,912

<b>Debt Service Funds</b>	<b>Amounts</b>
Beginning Fund Balance, as previously reported	\$ 28,313,003
<b>Adjustments to restate the January 1, 2017 Fund Balance:</b>	
Reclassifications of items in funds 3730, 3982 & 3983	(64,620)
Remove prior interfund receivables	(1,533,000)
Fund Balance January 1, as restated	\$ 26,715,383

<b>Capital Project Funds</b>	<b>Amounts</b>
Beginning Fund Balance, as previously reported	\$ (41,774,491)
<b>Adjustments to restate the January 1, 2017 Fund Balance:</b>	
Capital Projects Special Assessment Receivable	270,000
Fund Balance January 1, as restated	\$ (41,504,491)

**CITY OF WEST FARGO**

Notes to the Financial Statements – Continued

<b>Non-Major Funds</b>	<b>Amounts</b>
Beginning Fund Balance, as previously reported	\$ 2,608,666
<b>Adjustments to restate the January 1, 2017 Fund Balance:</b>	
Reclassify items in funds 3982 & 3983 to fund 2960	1,159,100
Fund Balance January 1, as restated	\$ 3,767,766

<b>Total Fund Balances</b>	<b>Amounts</b>
Beginning Fund Balance, as previously reported	\$ 22,022,859
<b>Adjustments to restate the January 1, 2017 Net Position:</b>	
Modified Accrual Adjustments - Debt Service Funds	(1,597,620)
Modified Accrual Adjustments - Capital Projects Funds	270,000
Modified Accrual Adjustments - Non-Major Funds	1,159,100
Net Position January 1, as restated	\$ 21,854,339

**Business-Type Activities**

<b>Business-Type Activities</b>	<b>Amounts</b>
<b>Water and Sewer</b>	
Beginning Net Position, as previously reported	\$ 259,283,970
<b>Adjustments to restate the January 1, 2017 Net Position:</b>	
Report Beginning Balance of OPEB Liability - retiree health	(86,638)
Net Position January 1, as restated	\$ 259,197,332

<b>Business-Type Activities</b>	<b>Amounts</b>
<b>Sanitation and Health</b>	
Beginning Net Position, as previously reported	\$ 3,147,435
<b>Adjustments to restate the January 1, 2017 Net Position:</b>	
Report Beginning Balance of OPEB Liability - retiree health	(49,861)
Net Position January 1, as restated	\$ 3,097,574

<b>Business-Type Activities</b>	<b>Amounts</b>
<b>Total</b>	
Beginning Net Position, as previously reported	\$ 262,431,405
<b>Adjustments to restate the January 1, 2017 Net Position:</b>	
Report Beginning Balance of OPEB Liability - retiree health	(136,499)
Net Position January 1, as restated	\$ 262,294,906

CITY OF WEST FARGO  
West Fargo, North Dakota

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 7,554,494	\$ 7,554,494	\$ 7,509,022	\$ (45,472)
Licenses, Permits & Fees	2,252,700	2,252,700	3,113,975	861,275
Intergovernmental	2,630,000	2,630,000	3,307,030	677,030
Fines, Forfeitures, & Penalties	30,000	30,000	371,878	341,878
Interest Income	20,000	20,000	65,139	45,139
Miscellaneous	1,000	1,000	81,036	80,036
<b>Total Revenues</b>	<b>\$ 12,488,194</b>	<b>\$ 12,488,194</b>	<b>\$ 14,448,080</b>	<b>\$ 1,959,886</b>
<u>Expenditures:</u>				
Current:				
General Government	\$ 3,386,446	\$ 3,386,446	\$ 3,685,581	\$ (299,135)
Public Safety	6,501,830	6,753,755	6,877,592	(123,837)
Public Works/Streets	4,042,833	4,042,833	3,862,165	180,668
Economic Development	194,966	194,966	212,547	(17,581)
<b>Total Expenditures</b>	<b>\$ 14,126,075</b>	<b>\$ 14,378,000</b>	<b>\$ 14,637,885</b>	<b>\$ (259,885)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,637,881)</b>	<b>\$ (1,889,806)</b>	<b>\$ (189,805)</b>	<b>\$ 1,700,001</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 1,430,000	\$ 1,430,000	\$ 2,113,272	\$ 683,272
Transfers Out	(132,000)	(2,142,000)	(2,142,000)	-
<b>Total Other Financing Sources and Uses</b>	<b>\$ 1,298,000</b>	<b>\$ (712,000)</b>	<b>\$ (28,728)</b>	<b>\$ 683,272</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (339,881)</b>	<b>\$ (2,601,806)</b>	<b>\$ (218,533)</b>	<b>\$ 2,383,273</b>
<b>Fund Balance - January 1</b>	<b>\$ 22,456,295</b>	<b>\$ 22,456,295</b>	<b>\$ 22,456,295</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$ 22,116,414</b>	<b>\$ 19,854,489</b>	<b>\$ 22,237,762</b>	<b>\$ 2,383,273</b>

The accompanying required supplementary information notes are an integral part of this schedule.

CITY OF WEST FARGO  
West Fargo, North Dakota

BUDGETARY COMPARISON SCHEDULE  
SALES TAX FUND  
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 8,000,000	\$ 8,000,000	\$ 9,983,662	\$ 1,983,662
Interest Income	2,000	2,000	37,478	35,478
Total Revenues	<u>\$ 8,002,000</u>	<u>\$ 8,002,000</u>	<u>\$ 10,021,140</u>	<u>\$ 2,019,140</u>
<u>Expenditures:</u>				
Current:				
Other	\$ 500,000	\$ 500,000	-	\$ 500,000
Capital Outlay	4,350,000	4,350,000	260,983	4,089,017
Total Expenditures	<u>\$ 4,850,000</u>	<u>\$ 4,850,000</u>	<u>\$ 260,983</u>	<u>\$ 4,589,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,152,000</u>	<u>\$ 3,152,000</u>	<u>\$ 9,760,157</u>	<u>\$ 6,608,157</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (1,581,000)	\$ (6,405,000)	\$ (10,993,572)	\$ (4,588,572)
Net Changes in Fund Balances	<u>\$ 1,571,000</u>	<u>\$ (3,253,000)</u>	<u>\$ (1,233,415)</u>	<u>\$ 2,019,585</u>
Fund Balance - January 1	<u>\$ 10,419,386</u>	<u>\$ 10,419,386</u>	<u>\$ 10,419,386</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 11,990,386</u>	<u>\$ 7,166,386</u>	<u>\$ 9,185,971</u>	<u>\$ 2,019,585</u>

The accompanying required supplementary information notes are an integral part of this schedule.

CITY OF WEST FARGO  
West Fargo, North Dakota

PENSION & OPEB SCHEDULES  
For the Year Ended December 31, 2017

**Schedule of Employer's Share of Net Pension Liability  
ND Public Employees Retirement System  
Last 10 Fiscal Years\***

	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.748489%	0.712207%	0.665753%	0.655469%
City's proportionate share of the net pension liability (asset)	\$12,030,675	\$ 6,941,151	\$ 4,527,007	\$ 4,160,402
City's covered-employee payroll	\$ 7,640,904	\$ 7,177,366	\$ 5,931,052	\$ 5,521,525
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	61.80%	70.46%	77.15%	77.70%

\*Complete data for this schedule is not available prior to 2014.

**Schedule of Employer Contributions  
ND Public Employees Retirement System  
Last 10 Fiscal Years\***

	2017	2016	2015	2014
Statutorily required contribution	\$ 554,058	\$ 519,630	\$ 450,511	\$ 393,133
Contributions in relation to the statutorily required contribution	\$ 537,895	\$ 546,659	\$ 451,207	\$ 393,133
Contribution deficiency (excess)	\$ (16,163)	\$ 27,029	\$ 696	\$ -
City's covered-employee payroll	\$7,640,904	\$7,177,367	\$5,931,052	\$5,521,525
Contributions as a percentage of covered-employee payroll	7.04%	7.62%	7.61%	7.12%

\*Complete data for this schedule is not available prior to 2014.

**Schedule of Employer's Share of Net OPEB Liability  
ND Public Employees Retirement System  
Last 10 Fiscal Years\***

<b>City - ND PERS - OPEB</b>	<b>2017</b>
City's proportion of the net OPEB liability (asset)	0.706287%
City's proportionate share of the net OPEB liability (asset)	\$ 558,681
City's covered-employee payroll	\$ 7,640,904
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%

\*Complete data for this schedule is not available prior to 2017.

**Schedule of Employer Contributions  
ND Public Employees Retirement System  
Last 10 Fiscal Years\***

<b>City - ND PERS - OPEB</b>	<b>2017</b>
Statutory required contribution	\$ 88,820
Contributions in relation to the statutory required contribution	\$ 86,124
Contribution deficiency (excess)	\$ 2,696
District's covered-employee payroll	\$ 7,640,904
Contributions as a percentage of covered-employee payroll	1.13%

\*Complete data for this schedule is not available prior to 2017.

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CITY OF WEST FARGO  
West Fargo, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2017

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NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

The governing board adopts an annual budget on a basis consistent with GAAP, and state law as outlined in various sections of North Dakota Century Code (NDCC) Chapter 40-40 for the general fund, each special revenue fund and each debt service fund of the municipality. The city is required to present the adopted and final amended revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The governing body of each municipality, annually or before September tenth, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year (NDCC 40-40-04).
- The preliminary budget must include a detailed breakdown of the estimated revenues and appropriations requested for the ensuing year for the general fund, each special revenue fund, and each debt service fund of the municipality. The revenue and expenditure items for the preceding year and estimates of the revenue and expenditures for the current year must be included for each fund to assist in determining the estimated revenues and appropriation requested for the ensuing year. The budget must also include any transfers in or out and the beginning and ending fund balance for each of the funds. The budget must be prepared on the same basis of accounting used by the municipality for its annual financial reports (NDCC 40-40-05).
- After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that: the preliminary budget is on file in the office of the auditor and may be examined by anyone upon request; the governing body shall meet no later than October 7<sup>th</sup> at the time and place specified in the notice for the purpose of adopting the final budget and making the annual tax levy; and, the governing shall hold a public session at the time and place designated in the notice of the hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditure or may object to any item or amount (NDCC 40-40-06).
- After the budget hearing, the final budget must be prepared on or before October 7<sup>th</sup> in accordance with provisions outlined in detail in NDCC 40-40-08.
- After completing the final budget on or before October 7<sup>th</sup>, the governing body shall proceed to make the annual tax levy in an amount sufficient to meet the expenses for the ensuing year as determined at the budget meeting (NDCC 40-40-09).
- Immediately after completion of the final budget and adoption of the annual tax levy by the governing body of a municipality in accordance with provisions, and in no case later than October 10<sup>th</sup>, the auditor of the municipality shall send to the county auditor a certified copy of the final budget (NDCC 40-40-10).

**CITY OF WEST FARGO**

Notes to the Required Supplementary Information - Continued

- No municipal expenditure may be made nor liability incurred, and no bill may be paid for any purposes in excess of the appropriation made therefor in the final budget. Expenditures made liabilities incurred, or warrants issued in excess of the appropriations are a joint and several liability the members of the governing body (NDCC 40-40-15).
- At the end of the fiscal year, the balance to credit of each annual appropriation becomes a part of the general unappropriated balance in the municipal treasury, but no special appropriation lapses until the work for which it was made has been completed, the bills paid, and the accounts closed. He governing body of a city may elect, at the end of the fiscal year, to carry over the unencumbered cash balance in the general fund or other budgeted funds and designate the balances for subsequent years (NDCC 40-40-21).

**NOTE 2: LEGAL COMPLIANCE - BUDGETS**

BUDGET AMENDMENTS

The governing board approved the following budget amendments to the 2017 city budget (expenditures and transfers out):

Budget Amendments Governmental Funds	Expenditures/Transfers Out		
	Original Budget	Budget Amendments	Amended Budget
General Fund - expenditures	\$ 6,501,830	\$ 251,925	\$ 6,753,755
General Fund - transfers out	132,000	2,010,000	2,142,000
Sales Tax Fund - transfers out	6,405,000	4,824,000	11,229,000
Share of Specials	120,000	15,000	135,000
Fire Fund	797,680	20,320	818,000
Tourist & Event Committee	20,000	3,500	23,500
Otto Brehmer Grant	-	3,400	3,400
Nite to Unite	5,500	500	6,000
West Fest	25,000	7,500	32,500
Economic Development	200,000	680,000	880,000
Refund Bond 2008B	231,685	4,315	236,000
2012 CostCo Sales Tax Bonds	416,438	453,562	870,000
2015B Refunding Improvement Bonds	1,584,300	100	1,584,400
2016A Refunding Improvement Bonds	-	1,632,000	1,632,000
2017A Refunding Improvement Bonds	-	389,500	389,500
Butler TIF (3360 & 3366)	-	6,000	6,000
TIF Bonds 2009 Titan Machinery	51,550	48,450	100,000

**NOTE 3: CHANGES OF ASSUMPTIONS – NET PENSION AND OPEB LIABILITY**

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

CITY OF WEST FARGO  
West Fargo, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT GENERAL LEDGER BASIS  
For the Year Ended December 31, 2017

	Balance 1-1-17	Revenues & Bond Premium	Transfers In	Other Financing Sources (gross)	Transfers Out	Expenditures & Bond Discount	Balance 12-31-17
General Fund (Major)	\$ 13,965,241.77	\$ 13,083,287.49	\$ 1,598,932.51	\$ -	\$ 2,142,000.04	\$ 14,126,394.62	\$ 12,379,067.11
General Fund Reserve	8,030,739.18	1,407,558.86	514,339.25	-	-	99,144.65	9,853,492.64
<b>Total General Fund</b>	<b>\$ 21,995,980.95</b>	<b>\$ 14,490,846.35</b>	<b>\$ 2,113,271.76</b>	<b>\$ -</b>	<b>\$ 2,142,000.04</b>	<b>\$ 14,225,539.27</b>	<b>\$ 22,232,559.75</b>
Sales Tax (Major)	\$ 9,640,353.06	\$ 10,087,422.84	\$ -	\$ -	\$ 10,993,572.43	\$ 260,982.38	\$ 8,473,221.09
<b>Special Revenue Funds (Nonmajor):</b>							
City's Share of Specials	\$ 41,608.73	\$ 117,278.17	\$ -	\$ -	\$ -	\$ 134,481.17	\$ 24,405.73
Fire Fund	155,475.96	775,777.99	-	-	-	817,410.28	113,843.67
Building & Technology Fund	908.30	-	-	-	-	908.30	-
Gaming Funds	38,693.29	9,935.86	-	-	-	-	48,629.15
Municipal Highway Fund	369,361.06	1,600,616.04	-	-	1,598,932.51	20,540.00	350,504.59
Tourist & Event Committee	68,710.87	3,444.88	10,000.00	-	-	23,416.63	58,739.12
FM Visitor's Bureau-Lodging	-	139,918.19	-	-	-	139,918.19	-
Otto Bremer Grant Crisis Training	3,367.06	-	-	-	-	3,367.06	-
Vector Control	9,566.76	92,256.02	30,000.00	-	-	74,097.52	57,725.26
Forestry	71,969.83	106,035.58	100,000.00	-	-	158,986.36	119,019.05
National Night Out (Night to Unite)	999.94	4,000.00	2,000.00	-	-	5,983.20	1,016.74
Future Building	294,856.65	676.47	-	-	-	165,494.43	130,038.69
West Fest	32,036.77	30,400.00	-	-	-	32,322.95	30,113.82
Cruise Night	11,095.61	13,540.00	-	-	-	11,487.37	13,148.24
Asset Forfeitures	80,956.40	28,091.35	-	-	-	9,739.75	99,308.00
Economic Development	1,559,633.79	150,543.19	1,540,478.96	-	-	876,105.46	2,374,550.48
Library General	608,124.10	1,326,456.50	-	-	-	992,807.00	941,773.60
Airport Authority Bond Construction	136,868.83	383.73	60,461.27	-	-	-	197,713.83
Airport Authority	133,901.68	248,503.12	-	-	60,461.27	116,934.73	205,008.80
<b>Total Special Revenue Funds (Nonmajor)</b>	<b>\$ 3,618,135.63</b>	<b>\$ 4,647,857.09</b>	<b>\$ 1,742,940.23</b>	<b>\$ -</b>	<b>\$ 1,659,393.78</b>	<b>\$ 3,584,000.40</b>	<b>\$ 4,765,538.77</b>
<b>Total Special Revenue Funds</b>	<b>\$ 13,258,488.69</b>	<b>\$ 14,735,279.93</b>	<b>\$ 1,742,940.23</b>	<b>\$ -</b>	<b>\$ 12,652,966.21</b>	<b>\$ 3,844,982.78</b>	<b>\$ 13,238,759.86</b>
<b>Debt Service Funds (Major):</b>							
2011-C RIB	\$ 1,489,738.31	\$ 1,121,916.54	\$ -	\$ -	\$ -	\$ 697,148.00	\$ 1,914,506.85
RIB 2011 B (recall 2004B)	182,778.89	235,515.61	-	-	-	321,594.00	96,700.50
2005 A Refunding Improvement Bonds	1,988,885.71	319,612.84	-	-	-	648,456.50	1,660,042.05
Sidewalk 6043 - 2006	(24,653.67)	9,737.06	-	-	-	21,167.00	(36,083.61)
Sidewalk 6042 - 2005	24,376.66	68.35	-	-	-	-	24,445.01
Sidewalk 6044 - 2007	24,366.72	11,986.82	-	-	-	22,351.00	14,002.54
2008-B RIB	157,183.03	214,683.73	-	-	-	235,678.50	136,188.26
2008-C RIB	1,767,113.54	731,029.06	-	-	-	617,490.00	1,880,652.60
2009-A RIB (from 2001/2001c/2002)	820,429.39	423,723.68	-	-	-	675,732.00	568,421.07
2009-B RIB (from 2003C & 2003D)	376,980.07	198,323.20	-	-	-	309,781.00	265,522.27
2005-C Refunding Bonds	25,156.35	7,674.18	-	-	-	-	32,830.53
2006 A RIB	390,321.57	425,873.04	-	-	-	711,540.50	104,654.11
2007A RIB	1,169,254.99	710,831.73	-	-	-	848,296.00	1,031,790.72
2007B RIB	1,163,708.29	564,151.16	-	-	-	525,186.00	1,202,673.45
G.O. Bonds 2009	8,349.45	4.93	940,945.12	-	-	949,299.50	-
Municipal Bonds 2009 NDPFA	182,269.08	32,271.67	-	-	-	32,125.84	182,414.91
2009-C RIB	580,233.83	685,732.35	-	-	-	554,592.50	711,373.68
2010 A - RIB (refund of 2003E & 2004A)	1,238,322.70	696,320.32	-	-	-	671,042.50	1,263,600.52
2010 B - RIB	379,569.00	616,477.54	-	-	-	499,956.50	496,090.04
Sidewalk Refunding Bonds 2010	28,812.02	136,507.84	-	-	-	55,059.00	110,260.86
2012 A-RIB	1,412,546.54	2,312,883.72	-	-	-	1,169,510.54	2,555,919.72
2012 Sidewalk Refunding Bonds	39,170.50	12,956.22	-	-	-	18,473.25	33,653.47
2012 C (Ref of 2005B & 2005D)	1,148,318.80	935,546.94	-	-	-	1,316,788.00	767,077.74
2012 D Special Assessment Bond	2,265,549.80	4,721,576.53	-	-	-	2,949,122.02	4,038,004.31
2012 Sales Tax Bonds	316,029.03	653.61	1,088,499.67	-	-	868,360.42	536,821.89
Reserve for 2012 Sales Tax Bonds	206,771.02	579.72	-	-	-	-	207,350.74
2013 A RIB	1,577,369.94	1,125,602.30	-	-	-	1,067,952.00	1,635,020.24
2013B RIB	1,555,563.19	1,303,062.61	-	-	-	1,076,964.76	1,781,661.04
2012 Sidewalk District (6050)	(146,891.32)	30,230.37	-	-	-	-	(116,660.95)
2014A RIB	17,060.70	1,976,901.85	-	-	-	1,345,780.98	648,181.57
2014B RIB	(481,519.48)	1,851,967.56	-	-	-	1,690,770.00	(320,321.92)
2015A RIB	1,802,585.72	3,150,680.10	-	-	-	2,545,289.00	2,407,976.82
2015B RIB	2,126,299.77	1,873,342.04	-	-	-	1,584,397.60	2,415,244.21
2016A RIB	60,740.77	2,928,710.92	205,200.89	-	-	1,631,382.85	1,563,269.73
2017A RIB	-	439,676.09	2,715,454.69	-	-	389,467.98	2,765,662.80
2067	459,096.22	55,243.03	-	-	514,339.25	-	-
TIF West Fargo 2nd & 3rd	-	44,506.90	-	-	-	-	44,506.90
TIF Bonds Sterling Industrial Park (to 3377)	911,159.33	263,223.99	-	-	-	-	1,174,383.32
TIF Butler (to 3360 and 3366)	1,278,982.33	1,056,706.11	-	-	-	5,919.99	2,329,768.45
TIF Titan Machinery (to 3370)	193,355.50	363,515.82	-	-	-	99,760.16	457,111.16
<b>Total Debt Service Funds</b>	<b>\$ 26,715,384.29</b>	<b>\$ 31,590,008.08</b>	<b>\$ 4,950,100.37</b>	<b>\$ -</b>	<b>\$ 514,339.25</b>	<b>\$ 26,156,435.89</b>	<b>\$ 36,584,717.60</b>
<b>Capital Projects Funds (Major):</b>							
Capital Improvements	\$ 1,094,898.73	\$ 148,724.32	\$ 6,040,732.35	\$ -	\$ 608,066.93	\$ 118,426.87	\$ 6,557,861.60
Construction Testing	2,432.03	-	-	-	-	30.00	2,402.03
3001 1st Ave. E. Improvements	-	-	-	-	-	2,473,800.86	(2,473,800.86)

Continued on next page....

CITY OF WEST FARGO  
West Fargo, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT GENERAL LEDGER BASIS  
For the Year Ended December 31, 2017

	Balance 1-1-17	Revenues & Bond Premium	Transfers In	Other Financing Sources (gross)	Transfers Out	Expenditures & Bond Discout	Balance 12-31-17
CONTINUED...							
<u>Capital Projects Funds (Major):</u>							
Storm Lift Station	\$ (744,884.92)	\$ 195,223.95	\$ -	\$ 2,650,000.00	\$ 195,223.95	\$ 1,799,534.11	\$ 105,580.97
2241 5th St. West. Ext. (27th to 28th Ave. W.)	(32,945.25)	-	-	-	-	300,127.10	(333,072.35)
2240 8th Ave. NW. & 26th St. NW - Paving	(1,487,265.17)	-	-	-	-	505,989.45	(1,993,254.62)
2242 Street Improvement District	(19,726.00)	-	-	-	-	187,043.99	(206,769.99)
4054 Regional Stm Lft	(4,779,590.27)	405,918.48	-	5,510,000.00	405,918.48	659,239.80	71,169.93
4055 Christianson's 3rd Lift	4,863.35	-	-	-	4,814.35	49.00	-
Main Avenue Project	-	-	-	-	-	-	-
4056 - Meadow Ridge Stm Lift	1,911.34	-	-	-	1,844.14	67.20	-
4045 Southside General Storm Sewer	(8,330.50)	-	8,330.50	-	-	-	-
4058 Storm Lift Station (SM 71)	(135,810.89)	-	-	-	-	(4,704.12)	(131,106.77)
2243 Street Improvement District	(581.54)	-	-	-	-	1,929,959.32	(1,930,540.86)
4060 Storm Sewer Lift SA 72 Improvements	-	-	-	-	-	1,642,771.79	(1,642,771.79)
Storm Lift SM 33 Rehabilitation	-	-	-	-	-	238,595.08	(238,595.08)
4061 Storm Lift Rehab (SM 25, 28, 44)	-	-	-	-	-	1,318,413.45	(1,318,413.45)
4062 Storm Lift SM 75 & CR 19 Abandonment	-	-	-	-	-	264,223.61	(264,223.61)
2219 7th Ave - 17th to 45th Street Impr.	(5,344.70)	-	-	-	-	-	(5,344.70)
1279 12th Ave N-45th Str to Cty 19 Impr	(4,597,352.95)	900,000.00	-	5,000,000.00	-	9,982,636.28	(8,679,989.23)
1273 Main Ave. Phase III NHU-8-010(032)932	(8,993,123.03)	748,481.27	1,000,000.00	10,160,000.00	748,481.27	1,972,196.48	194,680.49
1260 1.5mm gallon water tower	(1,405,878.91)	511,224.89	-	-	-	1,054,637.13	(1,949,291.15)
1276-Christianson's 2nd	3,548.58	-	-	-	3,499.38	49.20	-
1284 Christianson Dr	15,552.14	-	-	-	15,502.94	49.20	-
1287 - Sheyenne & 52nd Ave Water Main	(386,829.77)	3,913.44	382,916.33	-	-	-	-
1288 Wilds 7th Addition	96,757.98	-	-	-	96,704.58	53.40	-
1289 26th St NE & Diversion Road	(9,179,974.26)	779,790.78	-	10,585,000.00	779,790.78	1,159,278.01	245,747.73
1291 Brooks Harbor 5th & 6th	82,900.10	-	-	-	82,835.50	64.60	-
1290 7th AVE NW & Center St	(1,972.00)	-	1,972.00	-	-	-	-
1293 Wild's 8th Addition	(1,063,240.08)	356,681.54	-	1,730,000.00	127,448.09	820,507.75	75,485.62
1294 Eaglewood 5th Addition	(1,961,691.70)	159,862.63	-	2,170,000.00	159,862.63	174,126.20	34,182.10
1295 Highland Meadows 2nd Addition	(85.00)	-	-	-	-	3,606,346.80	(3,606,431.80)
1296 Lagoon System Improvements	(114.00)	-	-	-	-	62,490.00	(62,604.00)
1297 Sewer Improvement District	(1,052,415.95)	-	-	-	-	1,601,931.59	(2,654,347.54)
1298 Eagle Run Plaza 5th Addition	(463,841.64)	75,879.50	-	1,030,000.00	75,879.50	547,456.92	18,701.44
1301 Water Storm Sewer Street District	(176.00)	-	-	-	-	3,780,191.01	(3,780,367.01)
1292 North Pond at the Preserve 9th	-	-	-	-	-	903,988.06	(903,988.06)
1299 Lift Station SA13 Rehabilitation	(447.41)	-	-	-	-	128,499.08	(128,946.49)
1300 Reiver Bend at Preserve 4th Addition	-	-	-	-	-	2,066,325.10	(2,066,325.10)
1303 Oak Ridge 11th Addition	-	-	-	-	-	1,142,635.95	(1,142,635.95)
1302 Water Tank Rehabilitation	-	-	-	-	-	1,176,718.65	(1,176,718.65)
1304 26th Ave. W. & 5th CT W	-	-	-	-	-	275,350.20	(275,350.20)
1305 Wilds 9th & SA 46	-	-	-	-	-	3,832,754.24	(3,832,754.24)
1308 Fargo Wastewater Connection Project	-	-	-	-	-	124.00	(124.00)
Lagoon Decommissioning Project	-	-	-	-	-	124.00	(124.00)
1310 South Reginal Sanitary Sewer Forcemain	-	-	-	-	-	2,995.20	(2,995.20)
2248 1st Ave. & 10 St. E. Improvement District	-	-	-	-	-	270.00	(270.00)
2250 Sheyenne St. Improvement District	-	-	-	-	-	855.62	(855.62)
1311 Brooks Harbor Water Tower	-	-	-	-	-	135,162.49	(135,162.49)
1312 Water Improvement District	-	-	-	-	-	150.00	(150.00)
2251 13th Ave. (12th to 45th) Reconstruct.	-	-	-	-	-	39,041.13	(39,041.13)
6052 Sidewalk Improvement District 2016	(320,502.01)	-	329,655.82	-	-	9,153.81	-
6053 Sidewalk Improvement District	-	-	-	-	-	128,857.62	(128,857.62)
2249 Street Improvement District	-	-	-	-	-	124.00	(124.00)
1313 Sewer Improvement District	-	-	-	-	-	120.00	(120.00)
2157 13th Ave. West	(300.00)	-	300.00	-	-	-	-
2245 City Striping Improvement Project	-	-	252,617.81	-	-	252,617.81	-
Sheyenne St S of I94	(690,054.43)	-	2,000,000.04	-	-	1,942,805.38	(632,859.77)
2246 Traffic Calming Elmwood Ct	-	-	-	-	-	165,054.08	(165,054.08)
2233-40th Ave E (Shey to Dr 21-Shard w/Fargo)	2,012.03	-	-	-	-	2,012.03	-
2234-33rd Ave E to Prairie Hgts Drive	(15,190.80)	-	15,190.80	-	-	-	-
2239 32 & 40th Ave W to Diversion	(4,534,834.45)	222,849.99	-	6,333,194.92	222,849.99	1,424,223.33	374,137.14
<b>Total Capital Projects Funds</b>	<b>\$(40,577,627.35)</b>	<b>\$ 4,508,550.79</b>	<b>\$10,031,715.65</b>	<b>\$ 45,168,194.92</b>	<b>\$ 3,528,722.51</b>	<b>\$ 49,825,543.86</b>	<b>\$(34,223,432.36)</b>
<b>Total Governmental Funds</b>	<b>\$ 21,392,226.58</b>	<b>\$ 65,324,685.15</b>	<b>\$18,838,028.01</b>	<b>\$ 45,168,194.92</b>	<b>\$18,838,028.01</b>	<b>\$ 94,052,501.80</b>	<b>\$ 37,832,604.85</b>
<u>Enterprise Funds:</u>							
<u>Water and Sewer</u>							
Sewer and Water Operating	\$ 6,505,680.06	\$ 9,581,296.22	\$ -	\$ -	\$ -	\$ 8,647,691.11	\$ 7,439,285.17
City Utility	384,653.07	130,394.63	-	-	-	214,893.91	300,153.79
Repl & Deprec. SWOP	30,000.00	-	-	-	-	-	30,000.00
Sewage Surcharge	295,799.86	6,590.46	-	-	-	-	302,390.32
2012 Ref Water/Sewer Reserve (2005)	665,660.22	-	-	-	-	-	665,660.22
Water/Sewer 2009 Reserve	601,646.26	-	-	-	-	-	601,646.26
South Facilities Hookup	2,776,325.36	122,583.60	-	-	-	51,744.00	2,847,164.96
<b>Total Sewer and Water</b>	<b>\$ 11,259,764.83</b>	<b>\$ 9,840,864.91</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,914,329.02</b>	<b>\$ 12,186,300.72</b>
Health and Sanitation Operating	\$ 1,359,249.85	\$ 3,450,533.28	\$ -	\$ -	\$ -	\$ 3,183,164.56	\$ 1,626,618.57
<b>Total Enterprise Funds</b>	<b>\$ 12,619,014.68</b>	<b>\$ 13,291,398.19</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,097,493.58</b>	<b>\$ 13,812,919.29</b>
<b>Total Govt. &amp; Enterprise Funds</b>	<b>\$ 34,011,241.26</b>	<b>\$ 78,616,083.34</b>	<b>\$18,838,028.01</b>	<b>\$ 45,168,194.92</b>	<b>\$18,838,028.01</b>	<b>\$ 106,149,995.38</b>	<b>\$ 51,645,524.14</b>

CITY OF WEST FARGO  
West Fargo, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT GENERAL LEDGER BASIS  
For the Year Ended December 31, 2017

	Balance 1-1-17	Revenues & Bond Premium	Transfers In	Other Financing Sources (gross)	Transfers Out	Expenditures & Bond Discount	Balance 12-31-17
<b>Agency Funds:</b>							
Park	\$ 452,442.91	\$ 644,379.67	\$ -	\$ -	\$ -	\$ 1,096,822.58	\$ -
Cash in Lieu of Land Dedication	-	631,908.61	-	-	-	347,198.97	284,709.64
Tree Planting	432,183.36	80,496.52	-	-	-	35,425.00	477,254.88
Marvin Windows Escrow Sp Assmts	170,658.00	-	-	-	-	-	170,658.00
Titan Job Training Grant 5%	10,452.45	55,756.00	-	-	-	52,968.20	13,240.25
Energy Grant	15,800.00	-	-	-	-	-	15,800.00
Downtown Business Association	10,161.11	100.00	-	-	-	119.10	10,142.01
Windsor Green Subdivision	15,910.81	-	-	-	-	-	15,910.81
Eagle Run 8th-Land Development	118,516.89	-	-	-	-	-	118,516.89
Borud's Subdivision	21,739.37	-	-	-	-	-	21,739.37
Park Sp Assmt 2003-1	-	4,196.17	-	-	-	4,058.41	137.76
2003-1 Sp. Assmt. Park - 40th Ave.	-	549.30	-	-	-	-	549.30
2014-2 Goldendood Area Park	-	2,520.25	-	-	-	-	2,520.25
Shadowwood Pk Sp.2010	-	20,976.13	-	-	-	20,544.11	432.02
2011 Park Specials - Maple Ridge	-	29,400.84	-	-	-	29,159.54	241.30
Park Improvement District 2011-1	-	425,623.12	-	-	-	415,215.00	10,408.12
2014 Park Special Assessments - Rivers Bend	-	193,639.73	-	-	-	193,012.17	627.56
Park Sp Assmt 2007-1	-	14,217.92	-	-	-	10,856.17	3,361.75
Community Development Block Grant (CDBG)	1,921.91	-	-	-	-	-	1,921.91
<b>Total Agency Funds</b>	<b>\$ 1,249,786.81</b>	<b>\$ 2,103,764.26</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,205,379.25</b>	<b>\$ 1,148,171.82</b>
<b>Total Primary Government</b>	<b>\$ 35,261,028.07</b>	<b>\$ 80,719,847.60</b>	<b>\$ 18,838,028.01</b>	<b>\$ 45,168,194.92</b>	<b>\$ 18,838,028.01</b>	<b>\$ 108,355,374.63</b>	<b>\$ 52,793,695.96</b>
<b>Total Reporting Entity</b>	<b>\$ 35,261,028.07</b>	<b>\$ 80,719,847.60</b>	<b>\$ 18,838,028.01</b>	<b>\$ 45,168,194.92</b>	<b>\$ 18,838,028.01</b>	<b>\$ 108,355,374.63</b>	<b>\$ 52,793,695.96</b>

**STATE AUDITOR**

JOSHUA C. GALLION  
Phone (701) 328-2241



Local Government Division:

FARGO OFFICE  
MANAGER – DAVID MIX  
Phone: (701) 239-7252

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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Independent Auditor's Report

City Commission  
City of West Fargo  
West Fargo, North Dakota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Fargo as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of West Fargo's basic financial statements, and have issued our report thereon dated April 26, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of West Fargo's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of West Fargo's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Fargo's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **CITY OF WEST FARGO**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of West Fargo's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of West Fargo's Response to Findings**

City of West Fargo's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. City of West Fargo's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/

Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
April 26, 2018

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CITY OF WEST FARGO  
West Fargo, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2017

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**Section I - Summary of Auditor's Results**

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Financial Statements

Type of Report Issued?	
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal Control over financial reporting:

Material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> None noted
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None noted
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> None noted

**Section II - Financial Statement Findings**

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No matters were reported.

You may obtain audit reports on the internet at:

[www.nd.gov/auditor/](http://www.nd.gov/auditor/)

or by contacting the  
Division of Local Government Audit

Office of the State Auditor  
600 East Boulevard Avenue – Department 117  
Bismarck, ND 58505-0060

(701) 328-2220



City of West Fargo  
West Fargo, North Dakota

# Management's Letter

For the Year Ended December 31, 2017

**JOSHUA C. GALLION**  
**STATE AUDITOR**

Office of the State Auditor  
Division of Local Government

**STATE AUDITOR**

JOSHUA C. GALLION  
Phone (701) 328-2241



Local Government Division:

FARGO OFFICE  
MANAGER – DAVID MIX  
Phone: (701) 239-7252

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**

STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

City Commissioners  
City of West Fargo  
West Fargo, North Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Fargo, North Dakota for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 26, 2018. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in The United States Of America, Government Auditing Standards**

As stated in our engagement letter dated January 23, 2018, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered the City of West Fargo's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City of West Fargo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

**Significant Accounting Policies/Qualitative Aspects Of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of West Fargo are described in Note 1 to the basic financial statements. Application of existing policies was not changed during the year ended December 31, 2017. GASB Statement 75(Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pensions) was adopted during the year ended December 31, 2017. We noted no transactions entered into by the City of West Fargo during the year ended December 31, 2017 that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management.

<b>AUDIT ADJUSTMENTS - PRIMARY GOVERNMENT</b>		
<b><u>Governmental Funds/Activities</u></b>		
Intergovernmental Receivable	1,323,782	
Accounts Receivable	89,232	
Revenue - govt. funds/activities		1,413,014
Expenditures/Expenses	2,085,552	
Accounts Payable		310,665
Salaries Payable		397,225
Construction Payable		1,377,662
Expenses - Govt. Wide	960,965	
Retainages Payable		960,965
<b><u>Beginning Fund Balances</u></b>		
Total Fund Balances	(168,520)	
Debt Service Fund Balance		(1,597,620)
Capital Projects Fund Balance		270,000
Non-Major Funds Balances		1,159,100
<b><u>Business-Type Funds/Activities</u></b>		
Expenses	519,354	
Accounts Payable		397,906
Salaries Payable		121,448

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated April 26, 2018.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the city's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Commission and management of the City of West Fargo and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of the City of West Fargo for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve the City of West Fargo.

/s/  
Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
April 26, 2018



## **ADDENDUM #1**

**Dated: March 18, 2020**

**CITY OF WEST FARGO, ND**

**Request for Proposal**

**Audit Services**

**Submit to:**

**City of West Fargo**

**Jim Larson, Finance Director**

**800 4<sup>th</sup> Ave E, STE 1**

**West Fargo, ND 58078**

**Addendum #1, March 18, 2020**  
**City of West Fargo**

Part D. 1. d. Ability to complete the audit by June 30, 2020.

Change to: **Ability to complete the audit by August 31, 2020.**

Part B. 4. Please include two hard copies and one electronic copy of your proposal.

Change to: **Please include one electronic copy of your proposal. Hard copies are optional. If hard copies are provided 2 copies would be sufficient.**

■ End of Addendum --

Any questions regarding the addendum should be sent to Jim Larson, Finance Director,  
[Jim.Larson@WestFargoND.gov](mailto:Jim.Larson@WestFargoND.gov).



# West Fargo Police Department

800 4th Ave E, Suite 2 West Fargo, ND 58078 | 701-433-5500 | westfargopolice.com

Heith R. Janke  
Chief of Police

## Application for Appropriation from Civil Asset Forfeiture Fund

### Applicant

Heith Janke, Chief of Police  
West Fargo Police Department, 800 4 Avenue East, Suite 2, West Fargo ND, 58078  
[Heith.Janke@westfargond.gov](mailto:Heith.Janke@westfargond.gov)  
701-433-5521

April 20, 2020

### Appropriation Requested:

\$2,500 to replenish the drug buy fund for the Investigations Division.

### Explanation and confirmation how the requested appropriation will further the public purpose of reducing criminal activity and aiding the efforts of criminal justice in support and furtherance of the West Fargo Police Department's mission:

The narcotics detectives require a drug buy fund in order to purchase narcotics in an undercover capacity. This evidence is used to charge the suspect with the sale of the narcotics to our undercover officers. This usually results in the seizure of drug related monies at the time of arrest, which eventually replenishes the asset/forfeiture account.

I, Chief Heith Janke, am in support of the above-stated request for appropriation from the Civil Asset Forfeiture Fund. City of West Fargo procurement policies will be followed for all expenditures. Written confirmation will be provided to the City of West Fargo Finance Office when the funds are expended.

---

Heith Janke, Chief of Police

---

Date

AGENDA ITEM DESCRIPTION  
CITY COMMISSION  
WEST FARGO, NORTH DAKOTA

Agenda # 2

\*\*\*Please Note: The following information must be completed and submitted to the West Fargo City Auditor's Office by the Thursday noon preceding the City Commission meeting. Failure to comply may result in no action being taken on your request.

1. CONTACT PERSON: Tim Solberg – Jim Larson – Tina Fisk

2. PHONE NUMBER: 433-5321 DATE: April 16, 2020

3. PLEASE **BRIEFLY** DESCRIBE YOUR REQUEST:

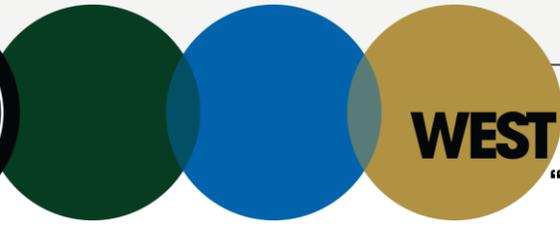
Hear from staff on action from West Fargo School Board and Cass County Board of Commissioners and Hold Public Hearing which was scheduled for 5:30pm on April 20, 2020 for the proposed 15 year Tax Increment Finance District for redevelopment of the existing Bell Bank in Downtown which was presented and approved at the March 16, 2020 Meeting.

4. SITE ADDRESS OR LEGAL DESCRIPTION (if applicable):

409 Sheyenne Street

5. ACTION BEING REQUESTED FROM CITY COMMISSION:

Hold Public Hearing on proposed 15 year Tax Increment Finance District for redevelopment of the existing Bell Bank in Downtown.



April 14, 2020

Tina Fisk  
City Administrator  
City of West Fargo  
800 Fourth Ave. E., Ste. 1  
West Fargo, ND 58078

Administrator Fisk,

On Monday, April 13<sup>th</sup> the West Fargo School Board formally passed a resolution of support for the 15-year TIF proposal recently approved by the West Fargo City Commission for the current site of Bell Bank on Sheyenne Street.

West Fargo Public Schools looks forward to the additional tax revenue that will be directed to support student learning as a result of this substantial investment. We're also grateful for an additional community asset that continues to make our city an exciting place to live, work, and attend school.

The city's comprehensive plan "West Fargo 2.0" is important development tool that helps WFPS attract and retain quality education professionals while working to ensure property taxes remain as low as possible. We're grateful for the continued focus on that plan.

If you require any additional information on the Board's action, please don't hesitate to reach out. Thanks for all you do for the City of West Fargo.

Sincerely,

Levi Bachmeier  
Business Manager

Cc: Patti Stedman, Beth Slette, Bernie Dardis, Tim Solberg

City of West Fargo

4/2/2020

## TIF Calculation - 2020-1 Bell Down Town Tower

Entity:	Mills: (2019)	Existing Value:	Taxes Collected:	New Value:	New Taxes Collected:	Additional Value dedicated to TIF :
City	77.98	\$1,263,900	\$4,927.95	\$18,506,542	\$72,157.01	\$67,229.06
School	137.25	\$1,263,900	\$8,673.51	\$18,506,542	\$127,001.14	\$118,327.63
Park	27.06	\$1,263,900	\$1,710.06	\$18,506,542	\$25,039.35	\$23,329.29
County	52.31	\$1,263,900	\$3,305.73	\$18,506,542	\$48,403.86	\$45,098.13
State	1.00	\$1,263,900	\$63.20	\$18,506,542	\$925.33	\$862.13
Garrison	0.38	\$1,263,900	\$24.01	\$18,506,542	\$351.62	\$327.61
Water	4.11	\$1,263,900	\$259.73	\$18,506,542	\$3,803.09	\$3,543.36
<b>Total:</b>	<b>300.09</b>	<b>\$1,263,900</b>	<b>\$18,964.19</b>	<b>\$18,506,542</b>	<b>\$277,681.41</b>	<b>\$258,717.22</b>
<b>Less City 3% Fee</b>						<b>3.00% \$ (7,761.52)</b>
<b>Less County 5% Discount</b>						<b>5.00% \$ (12,935.86)</b>
<b>Net Available for TIF Project</b>						<b>\$238,019.84</b>

<b>Project Support Max</b>	<b>Rate</b>	<b>4.00%</b>	<b>\$2,646,397</b>
----------------------------	-------------	--------------	--------------------

Name	PIN	Land	Building	Total	
Bell Bank parcel	02-2300-01110-000	\$ 135,000.00	\$ 1,128,900.00	\$ 1,263,900	Valuation from City Property info for 2019 as of 1/8/2020
<b>Total all parcels</b>				\$ 1,263,900	

## TIF Financing Terms

Term	15
Rate	4.00%
Bond Payment per Year	\$238,019.86

Project Cost Schedule	Description	Public Improvements, non-taxable			Taxable Improvements	
		Developer Paid	Paid by City	Paid by TIF funds	Developer Paid	
Use by residential apts and condo's	Basement				\$ 1,931,640	Per Todd B on 2/4/2020
Commerical - two units - Bell and leasable	Floor 1				\$ 2,592,600	Per Todd B on 2/4/2020
Public Parking Ramp-100 spots	Floor 2	\$ 2,448,000				Per Todd B on 2/4/2020
Public Parking Ramp-100 spots	Floor 3		\$ 2,249,603			Per Todd B on 2/4/2020
Public Parking Ramp-100 spots	Floor 4			\$ 2,646,397		Per Todd B on 2/4/2020
Floor #1 of two story apartments	Floor 5				\$ 2,411,331	Per Todd B on 2/4/2020
Floor #2 of two story apartments-26	Floor 6				\$ 2,411,331	Per Todd B on 2/4/2020
Total	Floor 7				\$ 4,579,820	Per Todd B on 2/4/2020
Floor #1 of condos - 11	Floor 8				\$ 4,579,820	Per Todd B on 2/4/2020
Floor #2 of condos - 11						
<b>Totals</b>		\$ 2,448,000	\$ 2,249,603	\$ 2,646,397	\$ 18,506,542	

## Source of funds for Public Improvements

Developer Contribution	\$ 2,448,000
Direct City Contribution	\$ 2,249,603
TIF District Contribution	\$ 2,646,397
	\$ 7,344,000

CITY OF WEST FARGO PLANNING & COMMUNITY DEVELOPMENT

DEVELOPMENT PLAN

BELL BANK DOWNTOWN REDEVELOPMENT		TAX INCREMENT FINANCE DISTRICT	
409 Sheyenne St			
Lots 15-20 and Partial Vacation of Alley at Sukut's 3 <sup>rd</sup> Subdivision, City of West Fargo, North Dakota			
Applicant: EPIC Companies		Staff Contact: Planning; Finance; City	
Owner: State Bank of West Fargo		Administrator	
Economic Development Advisory Committee:		02-05-2020	
West Fargo Public School District:			
Cass County Board of Commissioners:			
Public Hearing:			
City Commission:			

**PURPOSE:**

The applicant is proposing an infill project which would involve the demolition of the existing Bell Bank structure to build a new mixed-use structure in its place. The new building will be will include underground parking, one floor of retail space, three floors of parking, and two floors of residential apartments and two floors of residential condominiums. The taxable value of both the property and the building is projected to increase by about \$885,305. The true and full value of the property is projected to increase by about \$17,706,100.

**STATEMENTS OF FACT:**

Land Use Classification:	G-4A: Core-Retrofit Growth Sector
Existing Land Use:	Light Commercial (Bank)
Existing Improvements:	Approximate 9,500 ft <sup>2</sup> owner occupied bank with approximately 31 improved surface parking spaces.
Identified Blight or Slum:	No
Relocation Requirements:	None
Current Zoning District(s):	DMU: Downtown Mixed Use
Zoning Overlay District(s):	None
Total area size:	45,000 ft <sup>2</sup>
Adjacent Zoning Districts:	North and West: DMU: Downtown Mixed Use District South and East: R-3: Multiple Family Dwelling District
Adjacent street(s):	4 <sup>th</sup> Ave W (Local); 5 <sup>th</sup> Ave W (Local); Sheyenne Street (Arterial)
Adjacent Bike/Pedestrian Facilities:	Sidewalks on all adjacent roadways
Available Parks/Trail Facilities:	POW/MIA Plaza is located across the street

**DISCUSSION AND OBSERVATIONS:**

- The proposal will provide the City with a total of 321 public parking spaces in a parking garage to be housed on floors 2-4. The applicant is also proposing an additional 48 spaces below ground for their residential tenants which would not be tied to the parking garage. The applicant would propose to reserve floor 2 for tenants of the retail floor between the hours of 8am-5pm Monday-Friday, open to the public all other hours. Floors 3 and 4 would be open to the public at all times.

DEVELOPMENT PLAN

- The project will hold approximately 24,394 ft<sup>2</sup> of leasable ground floor office/retail space.
- The project will include 26 2-story residential apartments and 21 residential condominiums on floors 5-8.
- Under the City's off-street parking and loading regulations staff has determined a maximum requirement of 166 spaces for the development, whereas the current proposal would provide for 369 spaces leaving for a minimum of 231 parking spaces available to the public through this project. Floors 3 and 4 which are intended to be open to the public 24/7 contain a total of 213 spaces. Using more aggressive models for parking demand as well as shared parking between users it is very likely that there will be more parking available to the public during most periods of the day.

**PROJECT ELIGIBILITY FOR DEVELOPMENT:**

The project is located in a parcel that is zoned DMU: Downtown Mixed Use and is an urban renewal area in the City's General Plan for Urban Renewal and Urban Development. The project would advance the City's economic development goals by providing immediate economic growth and development and is consistent within the existing zoning district. Many of the objectives as described in the General Plan for Urban Renewal and Urban Development would be achieved through the project's implementation.

1. To Strengthen the economic well-being of the development and renewal areas and the City by Increasing industrial and retail activity, taxable values, and job opportunities.
2. Provide for parcels of sufficient size to permit and attract economic and sound new development.
3. To provide efficient use of underutilized land.
4. To assure development of high standards in site planning, use compatibility, buildings, and creation of an environment that will promote new development in areas.
5. To attract and retain businesses that pay favorable wages to the benefit of our citizens and to prevent overburdening to public and social service agencies
6. To attract and retain businesses that do not damage the physical environment for this is a social and economic burden to all.
7. To address the development imbalance between residential and nonresidential uses that exists in West Fargo by expanding and diversifying the tax base.
8. To spend public economic development dollars and resources wisely.
9. To provide for adequate public infrastructure improvements such as sewer, water, storm sewer, pedestrian facilities and streets conforming to good design and coordinated to facilitate development or redevelopment.
10. To provide for safe, efficient and attractive vehicular access to and circulation within the renewal and development areas.
11. To promote development or redevelopment which will be consistent with the City's Comprehensive Plan and ordinances.

DEVELOPMENT PLAN

**CONSISTENCY WITH COMPREHENSIVE PLAN AND OTHER APPLICABLE CITY PLANS AND ORDINANCES:**

- Within the City’s Comprehensive Plan, West Fargo 2.0, within the Big Ideas section of the plan to Establish Downtown as a Cultural Center for West Fargo are the following recommendations which align with the proposed project:
  - Grow Business and Bring in New Investment:
    - The proposed project will increase existing retail space from 9,500 ft<sup>2</sup> to 24,394 ft<sup>2</sup> on this parcel.
    - The proposed project will provide for a minimum of an additional 203 parking space available to all visitors and businesses to downtown thereby increasing the development potential of all properties downtown.
  - Recruit Downtown Mixed-Use Residential.
  - Attract Millennials and Active Empty Nesters to Downtown:
    - Providing additional options for rental housing as well as residential condominiums enhances the choices available for housing downtown.

**FORMS OF ASSISTANCE:**

Public assistance for this project will is proposed to consist of a Tax Increment Financing district. Other forms of assistance are still under evaluation.

**Breakdown of Public Participation:**

The public participation is proposed to purchase two (2) floors of the parking ramp for 24/7 free public parking. This will be approximately 200 spots that will allow current and future development in downtown West Fargo to have adequate parking. The proposed maximum length of the TIF is requested to be 15 years for one parcel pending approvals from all boards and commissions.

See attached table for further breakdown of financial model.

**RECOMMENDATIONS:**

The proposed project will not cause any displacement of families. The proposed development plan conforms to the city’s General Plan for Urban Renewal and Urban Development as well as the West Fargo Comprehensive Plan. Additionally, the proposed project would assist in the continued development of the downtown area while increasing both residential density as well as expanding the commercial tax base. It is recommended that the City approve the proposed application on the basis that it is consistent with City plans and ordinances with recommended conditions of approval as follows:

- Recommendation to the Planning Department to amend 4-450: Off Street Parking and Loading Regulations for the Downtown Mixed Use District to reflect the presence of a public parking garage with excess capacity by exploring no minimum parking requirements and maximum allowable parking to increase taxable valuations on redevelopment in Downtown.

**ECONOMIC DEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION:**

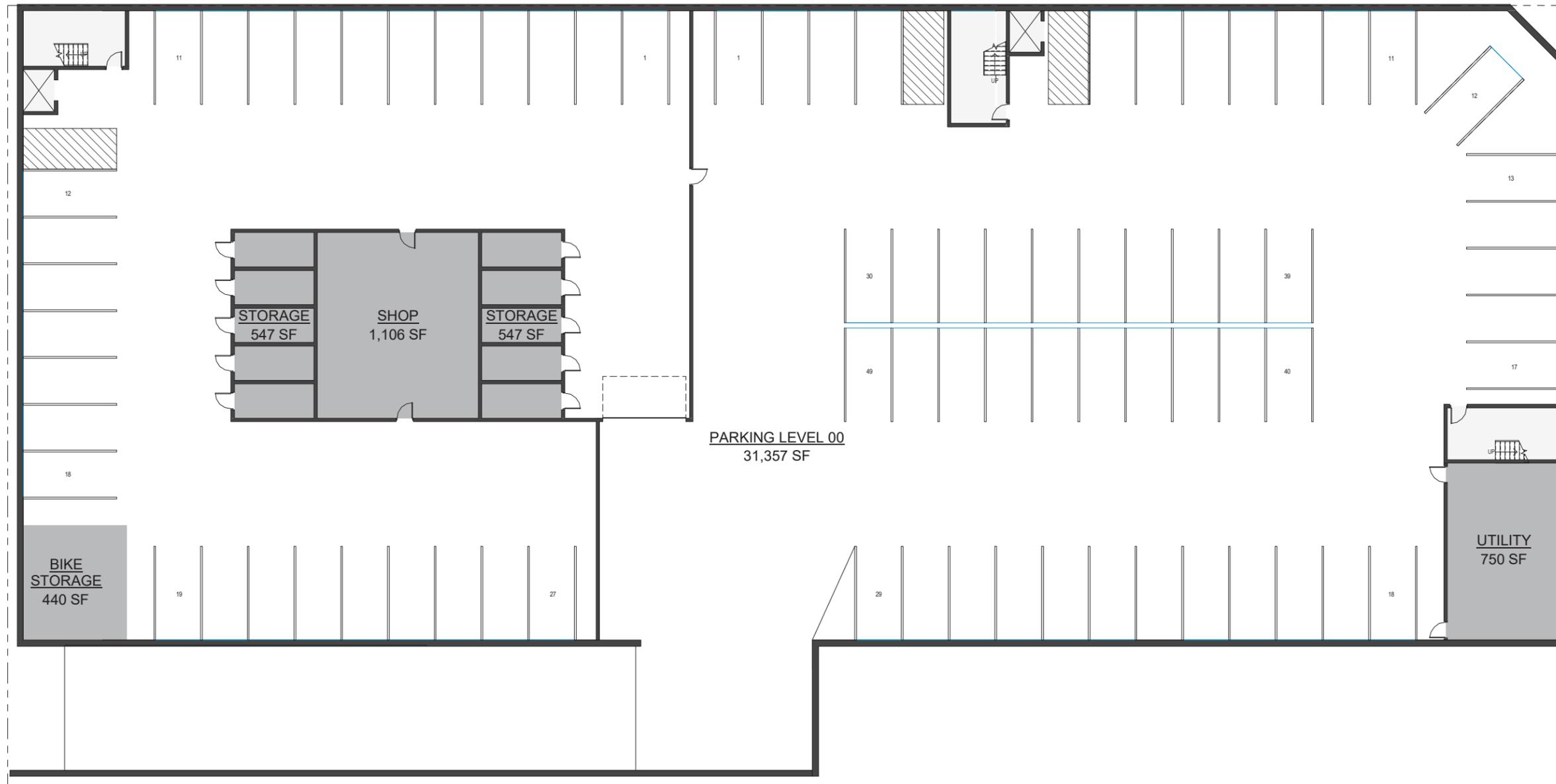
At their February 5, 2020 meeting, the Economic Development Advisory Committee met and is recommending approval of the application, subject to the recommended condition listed above.

If approved, the City is required per NDCC 40-05-24 to send a letter by certified mail to the President of the School District and Chairman of the Board of County Commissioners. Within 30 days from receipt of the letter, the School District and County must notify the City in writing whether they elect to participate in granting the tax incentive related to their portion of the tax levied on the property.

City staff intends to engage the West Fargo School District and Cass County to convene a meeting of staff and two board members from each entity to discuss the details of the proposed TIF project. Staff will also plan to attend each respective meeting to answer any additional question or address any concerns relayed by the City Commission.

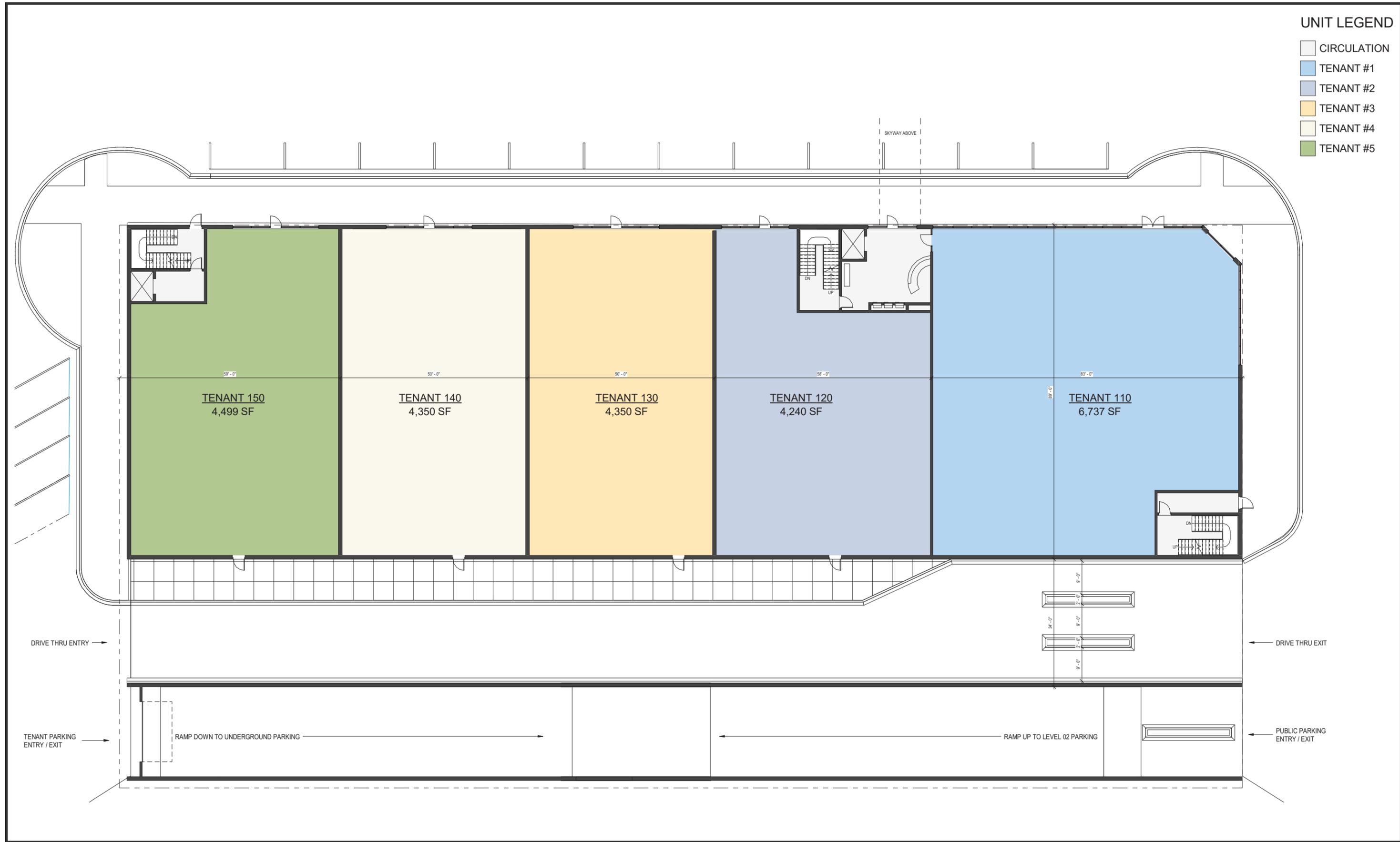
UNIT LEGEND

- CIRCULATION
- PARKING
- SUPPORT SPACE



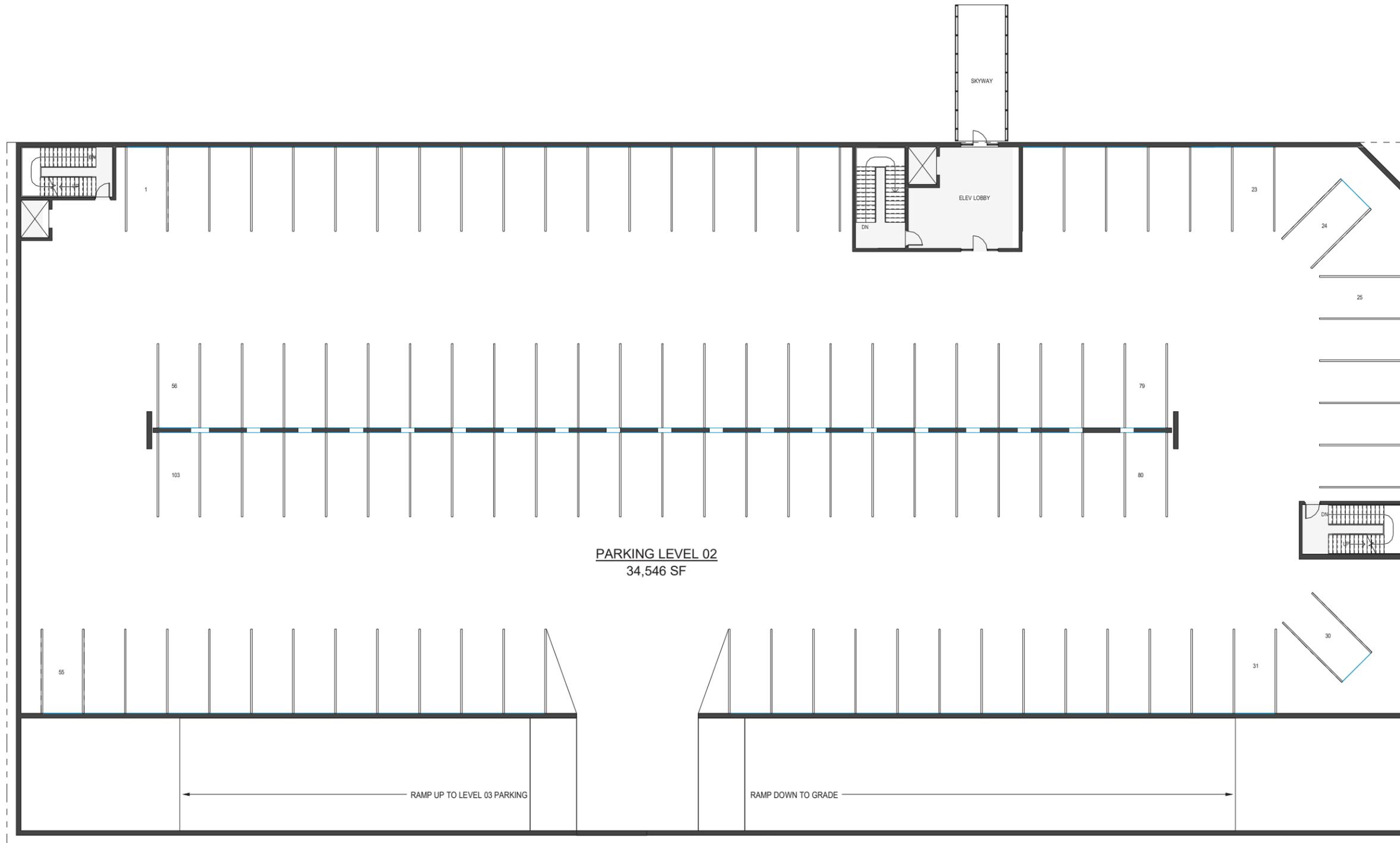
UNIT LEGEND

- CIRCULATION
- TENANT #1
- TENANT #2
- TENANT #3
- TENANT #4
- TENANT #5



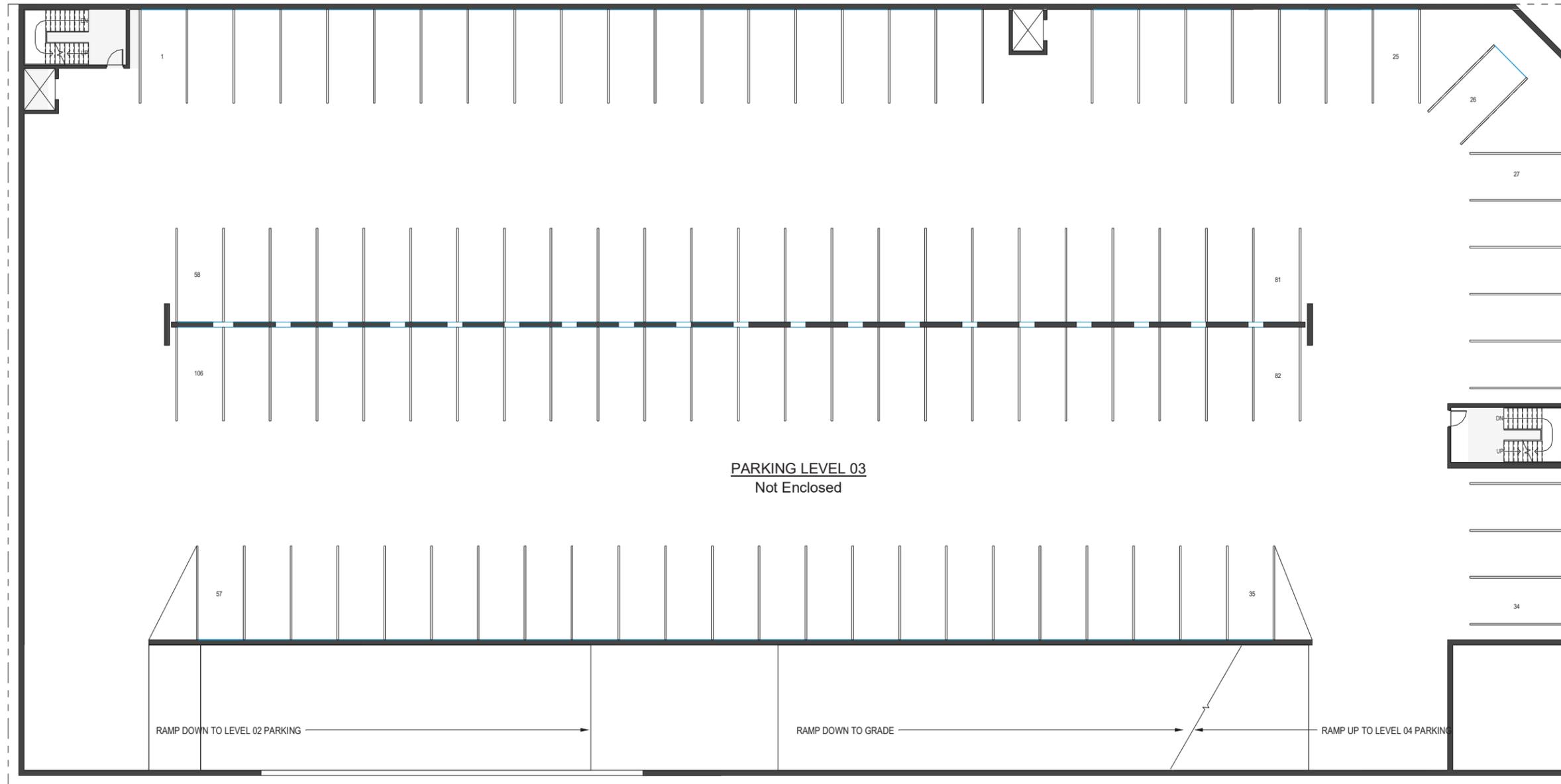
UNIT LEGEND

- CIRCULATION
- PARKING



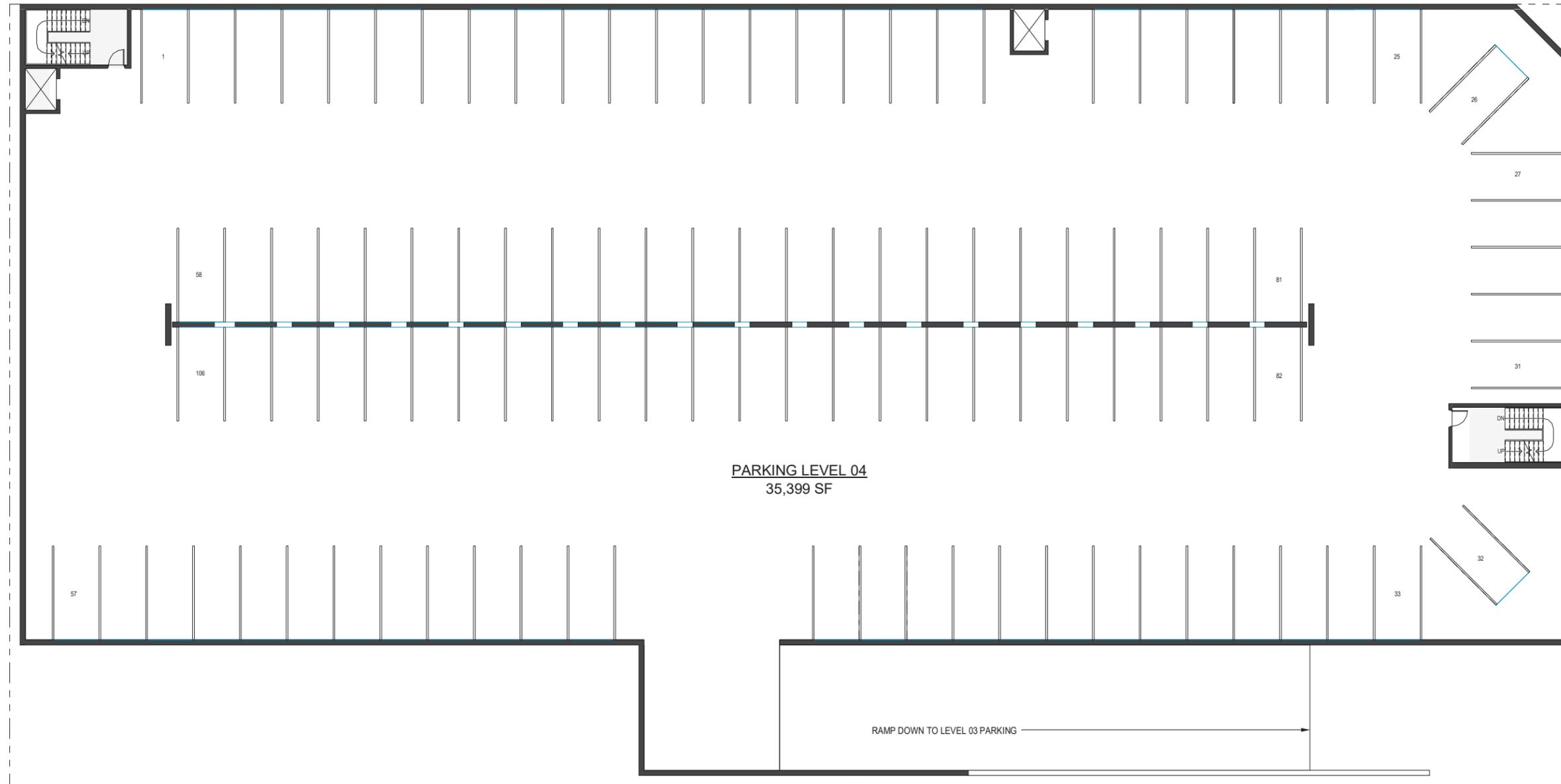
UNIT LEGEND

- CIRCULATION
- PARKING



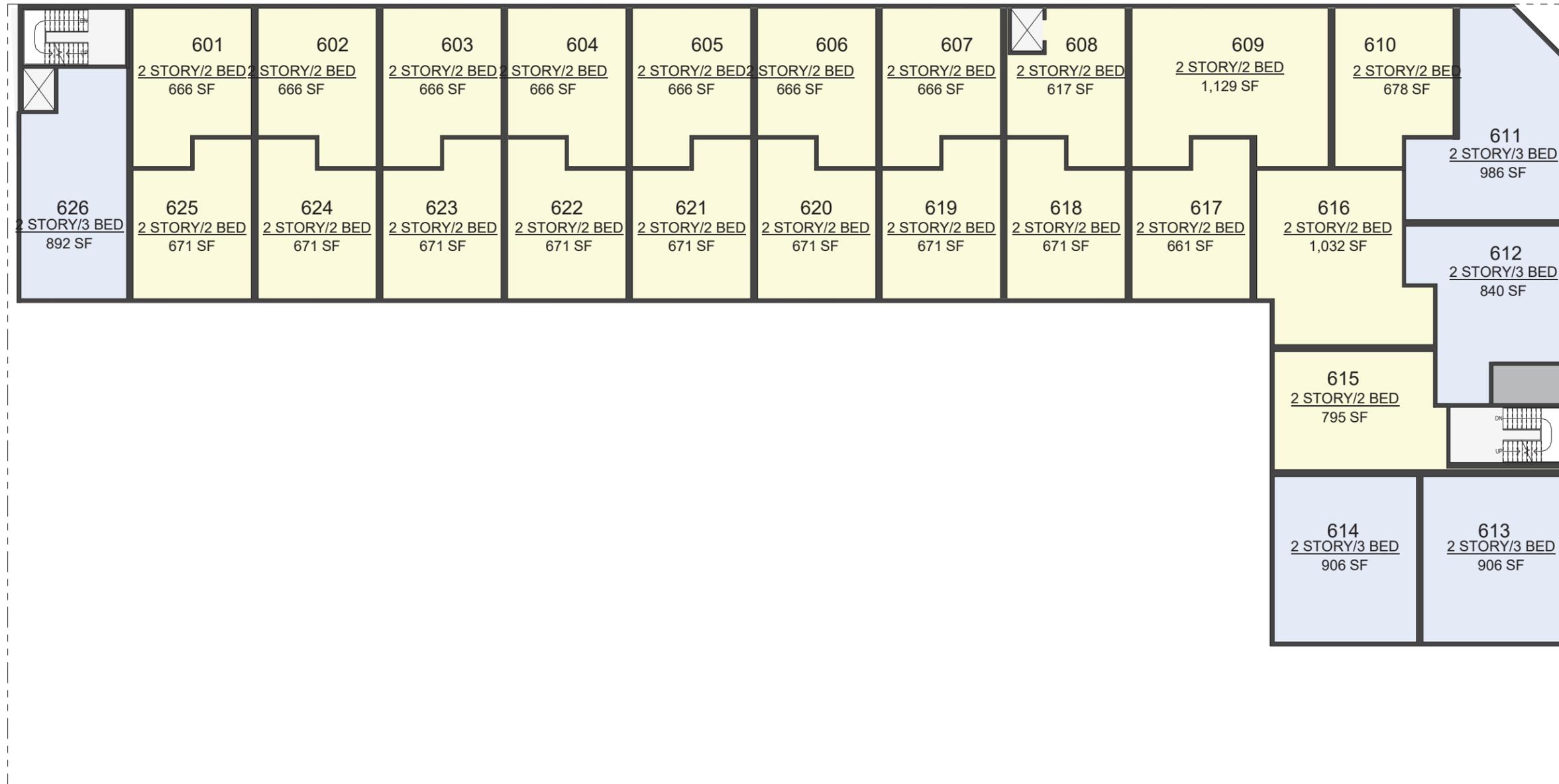
UNIT LEGEND

- CIRCULATION
- PARKING



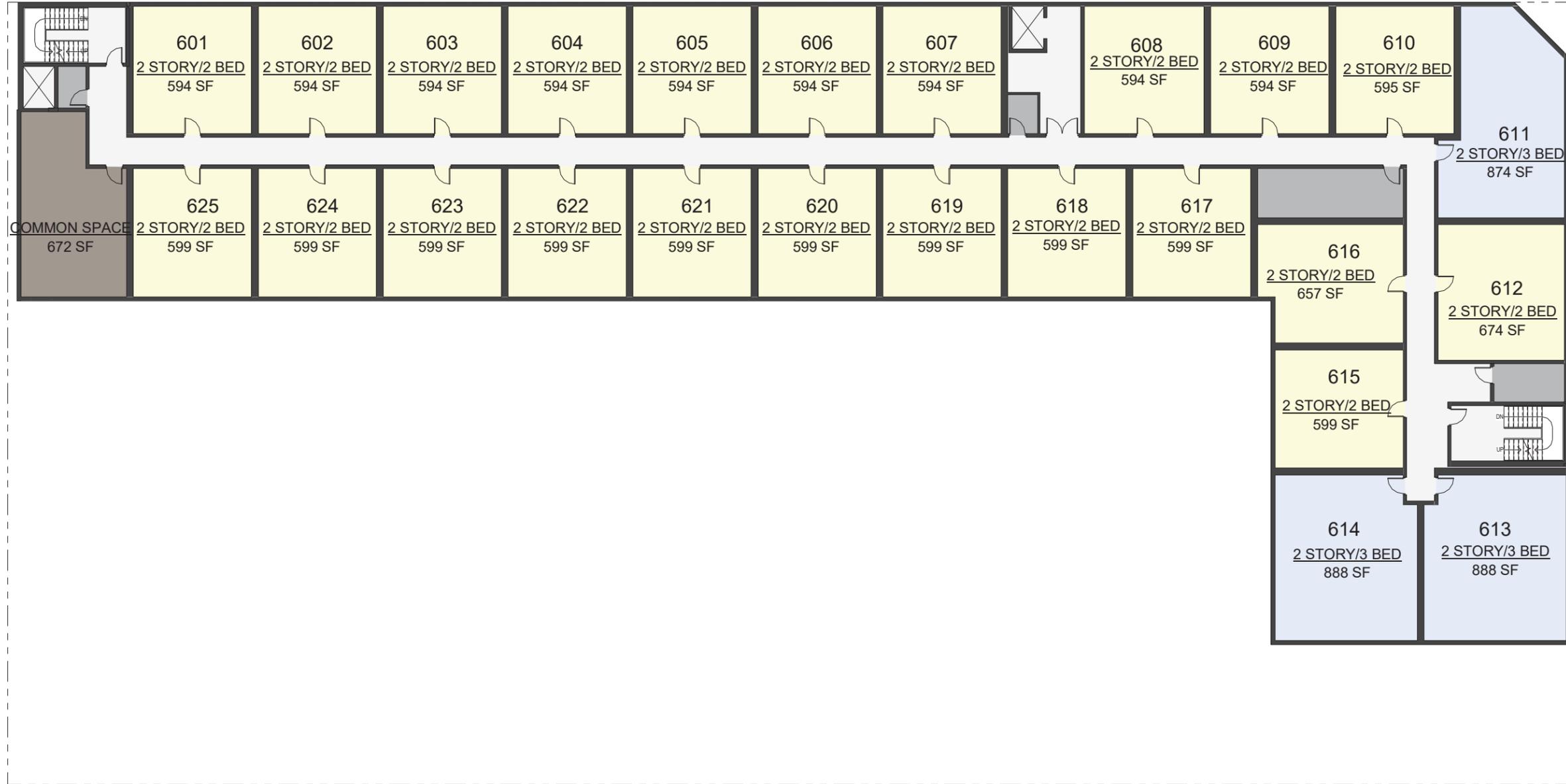
UNIT LEGEND

- 2 BEDROOM
- 3 BEDROOM
- CIRCULATION
- SUPPORT SPACE



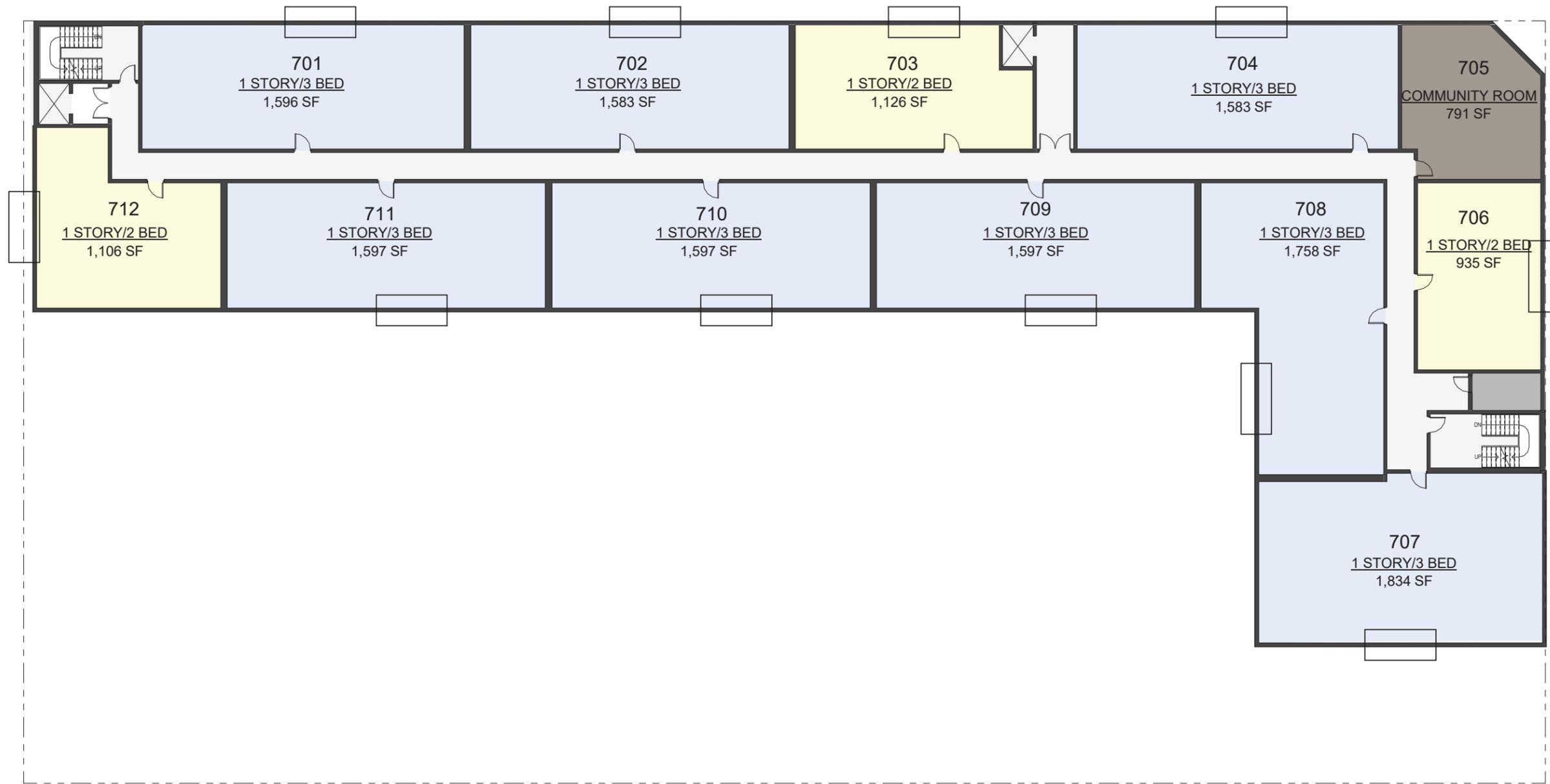
UNIT LEGEND

- 2 BEDROOM
- 3 BEDROOM
- CIRCULATION
- COMMON SPACE
- SUPPORT SPACE



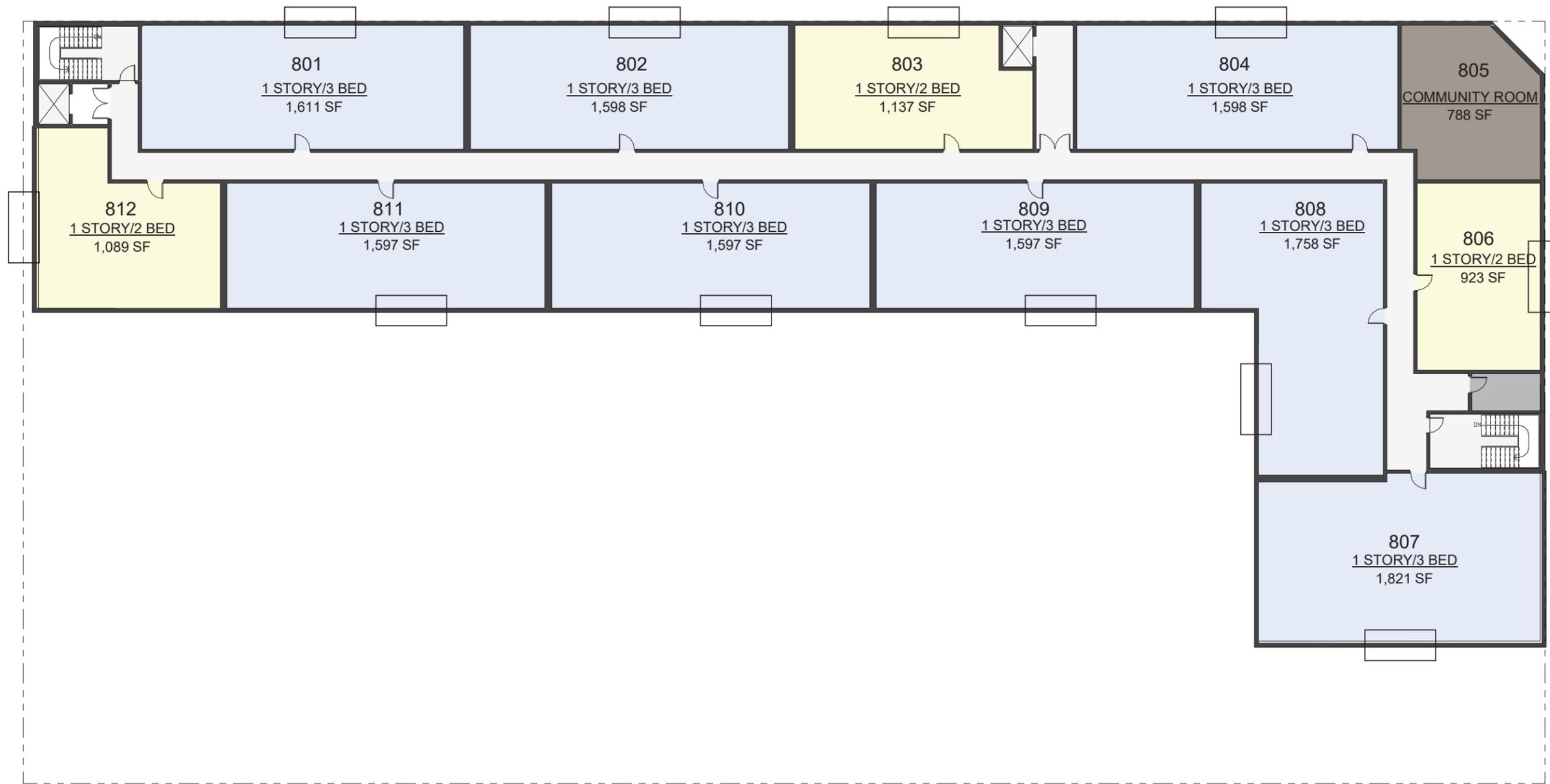
UNIT LEGEND

- 2 BEDROOM
- 3 BEDROOM
- CIRCULATION
- COMMON SPACE
- SUPPORT SPACE



UNIT LEGEND

- 2 BEDROOM
- 3 BEDROOM
- CIRCULATION
- COMMON SPACE
- SUPPORT SPACE



Regular Agenda Item #3

Commissioner \_\_\_\_\_ introduced and moved the adoption of the following Resolution:

RESOLUTION

BE IT RESOLVED BY THE BOARD OF CITY COMMISSIONERS OF THE CITY OF WEST FARGO:

WHEREAS, the City of West Fargo, Cass County, North Dakota, is a municipal corporation, organized and existing under the laws of the State of North Dakota; and

WHEREAS, there are contiguous and adjacent to the City of West Fargo tracts or parcels of land hereinafter specifically described, which tracts or parcels of land are not presently a part of the City of West Fargo; and

WHEREAS, in 2005 an annexation proceeding was brought to mediation regarding multiple properties located contiguous and adjacent to the City of West Fargo; and

WHEREAS, the annexation proceedings of 2005 resulted in the City petitioning for an administrative hearing to resolve the annexation proceedings; and

WHEREAS, agreements with the property owners (the “Annexation Agreements”) were reached as a result of the administrative hearing process setting forth the time line for annexation of portions of property; and

WHEREAS, the terms of the Annexation Agreements were incorporated in the Findings of Fact, Conclusions of Law and Order of the administrative law judge (the “Order”); and

WHEREAS, the Order provides that the property set forth in the Annexation Agreements as “the Farmstead” is annexed by the City of West Fargo upon the occurrence of one of four conditions; and

WHEREAS, one of the four conditions is that the land is transferred outside the family of the current owner; and

WHEREAS, on February 26, 2020, Heiden Family LLLP sold, via warranty deed recorded on February 27, 2020, in the office of the Cass County Recorded as document number 1584087, a portion of its land to an unrelated third party, a copy of said deed is attached as **Exhibit A**; and

WHEREAS, pursuant to the Order, as of February 26, 2020, the land described in **Exhibit A**, was automatically annexed to the City of West Fargo; and

WHEREAS, another of the four conditions is that fifteen years from the date of the Order has passed; and

WHEREAS, as of December 22, 2020, fifteen years will have passed from the date of the Order; and

WHEREAS, as of December 22, 2020, annexation of the remaining Farmstead properties will automatically occur; and

WHEREAS, as of the dates of annexation set forth above, city taxes will be due on these properties; and

WHEREAS, as of the dates of annexation set forth above, maintenance of the roads within these properties will be the responsibility of the City unless otherwise agreed between the parties; and

WHEREAS, as part of the Annexation Agreements, the Farmstead properties were not specially assessed, but the per acre assessments which would have been assessed the Farmstead properties were instead spread against other property owned by the specific owner of each Farmstead property; and

WHEREAS, as of the dates of annexation set forth above, the Farmstead properties, will be specially assessed in the same manner as all other property located within the limits of the City of West Fargo.

NOW THEREFORE, BE IT RESOLVED, by the Board of City Commissioners of the City of West Fargo, North Dakota, that the land set forth in **Exhibit A**, pursuant to the Order, was annexed to the City of West Fargo as of February 26, 2020, and the boundaries of the City of West Fargo were extended so as to include and incorporate within the corporate limits of the City of West Fargo, Cass County, North Dakota, the land described in attached **Exhibit A**.

NOW THEREFORE, BE IT FURTHER RESOLVED, by the Board of City Commissioners of the City of West Fargo, North Dakota, that the remaining Farmstead properties set forth in the Order will be, pursuant to the Order, annexed to the City of West Fargo as of December 22, 2020, unless some other triggering event occurs prior to that date which would result in automatic annexation prior to December 22, 2020, and the boundaries of the City of West Fargo be extended so as to include and incorporate within the corporate limits of the City of West Fargo, Cass County, North Dakota, the land described in attached **Exhibit B**.

\_\_\_\_\_  
President of the Board of City Commissioners

ATTEST:

\_\_\_\_\_  
City Auditor

Commissioner \_\_\_\_\_ seconded the motion. On roll call the following commissioners voted in favor of said motion: \_\_\_\_\_. The following commissioners voted nay: \_\_\_\_\_. The following commissioners were absent and not voting: \_\_\_\_\_. The majority having voted aye, the motion was carried and the Resolution was duly adopted.

Exhibit A

(3 pages)

PAGE: 1 of 3      WD      1584087  
The Title Company-Commercial      2/27/2020 8:00 AM  
Recorded Electronically      \$20.00  
RECORDER'S OFFICE, CASS COUNTY, ND      2/27/2020 8:00 AM  
I CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD THIS DATE.  
DEBORAH B. MOELLER, COUNTY RECORDER  
by Teresa A. Kirby, Dep. **1584087**  
Recorded Electronically



WARRANTY DEED

THIS INDENTURE is made this 26<sup>th</sup> day of February, 2020, between **Heiden Family LLLP**, a North Dakota limited liability limited partnership ("Grantor"), and **Michael J. Graham** ("Grantee"), whose post office address is 3040 Sheyenne River Way, West Fargo, North Dakota 58078. 3030

For ten dollars and other good and valuable consideration, Grantor does hereby GRANT to Grantee the following described real property in Cass County, North Dakota:

SEE ATTACHED EXHIBIT A.

Subject to easements, restrictions and reservations of record and a Declaration of Restrictive Covenants of even date herewith.

Grantor does covenant with Grantee that it is well seized in fee of the property and has good right to sell and convey it, and that the property is free from all incumbrances, except installments of special assessments or assessments for special improvements which have not been certified to the County Treasurer for collection. The Grantor will warrant and defend the property in the quiet and peaceable possession of Grantee against all persons lawfully claiming or to claim the whole or any part thereof.

IN TESTIMONY WHEREOF, Grantor has caused this deed to be executed in its partnership name by one or more general partners for the day and year first above written.

HEIDEN FAMILY LLLP

25-0000-01930-090 SPLIT

By: [Signature]  
Kevin L. Heiden, General Partner

25-0000-02020-020 SPLIT

000269



EXHIBIT A

Parts of the SE¼ of Section 19 and the SW¼ of Section 20, Township 139 North, Range 49 West of the 5<sup>th</sup> Principal Meridian, Cass County, North Dakota, more particularly described as follows:

Commencing at the Southeast corner of the Southeast Quarter of said Section 19, thence N02°21'43"W on an assumed bearing along the East line of said Southeast Quarter a distance of 58.50 feet to the point of beginning; thence continuing N02°21'43"W along said East line a distance of 1266.82 feet to the Northwest corner of Maple Ridge at the Preserve Second Addition; thence N88°46'48"E along the North line of said Maple Ridge at the Preserve Second Addition a distance of 93 feet more or less to the centerline of the Sheyenne River; thence Northeasterly along said centerline a distance of 130 feet more or less to the intersection of a line bearing N87°38'17"E; thence S87°38'17"W a distance of 144 feet more or less to the East line of the SE¼ of said Section 19; thence continuing S87°38'17"W a distance of 186.16 feet; thence S81°18'26"W a distance of 227.88 feet to the East right-of-way of County Road 17; thence S06°56'54"E along said right-of-way a distance of 373.56 feet; thence South along said right-of-way on a non-tangential curve concave to the East having a radius of 2428.00 feet and a central angle of 2°42'17" for a distance of 114.61 feet which chord bears S11°59'43"E; thence Southerly along a tangential curve concave to the West having a radius of 4072.00 feet and a central angle of 11°20'41" for a distance of 806.27 feet which chord bears S7°40'31"E; thence N88°13'36"E parallel with the South line of said Section a distance of 191.24 feet; thence S51°52'56"E a distance of 90.82 feet; thence Southeasterly along a tangential curve concave to the North having a radius of 48.00 feet and a central angle of 37°36'45" for a distance of 31.51 feet which chord bears S70°41'05"E to the point of beginning.

Said tract of land contains approximately 10.8 acres more or less.

This legal description was prepared by Cole A. Neset, Registered Land Surveyor LS-7513, 3300 Fiechtner Drive, Suite 102, Fargo, North Dakota 58103.

AUDITOR'S OFFICE  
COUNTY OF CASS, NORTH DAKOTA  
2/27/2020  
Taxes and Special Assessments paid  
and transfer entered.  
*Michael M. Glavin* AUDITOR  
D.L. DEPUTY



Exhibit B

(4 pages)

THAT PART OF THE NORTH HALF OF THE SOUTHWEST QUARTER (N. 1/2 S.W. 1/4) OF SECTION TWENTY NINE (29), TOWNSHIP ONE HUNDRED THIRTY NINE (139) NORTH, RANGE FORTY NINE (49) WEST, CASS COUNTY, NORTH DAKOTA, DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHEAST CORNER OF HOUKUM FIRST SUBDIVISION OF SAID SECTION TWENTY NINE (29), SAID CORNER LYING ON THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER (N. 1/2 S.W. 1/4) OF SAID SECTION TWENTY NINE (29);

THENCE N 90°00'00" W ALONG THE SOUTH LINE OF SAID HOUKUM FIRST SUBDIVISION FOR A DISTANCE OF FIVE HUNDRED THIRTY TWO (532) FEET, MORE OR LESS, TO A POINT ON THE CENTERLINE OF THE SHEYENNE RIVER;

THENCE NORTHERLY ALONG THE CENTERLINE OF SAID SHEYENNE RIVER TO THE NORTHWEST CORNER OF SAID HOUKUM FIRST SUBDIVISION;

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THENCE S 89°55'33"E ALONG THE NORTH LINE OF SAID HOUKUM FIRST SUBDIVISION FOR A DISTANCE OF ONE HUNDRED SEVENTY SEVEN (177) FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF SAID HOUKUM FIRST SUBDIVISION;

THENCE CONTINUE S 89°53'33" E PARALLEL TO THE NORTH LINE OF THE NORTH HALF OF SAID SOUTHWEST QUARTER (N. 1/2 S.W. 1/4) FOR A DISTANCE OF TWO HUNDRED SEVENTY SIX AND THIRTY ONE HUNDREDTHS (276.31) FEET;

THENCE S 01°23'16" E PARALLEL TO THE EAST LINE OF SAID HOUKUM FIRST SUBDIVISION FOR A DISTANCE OF ONE THOUSAND EIGHTY ONE (1,081) FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF THE NORTH HALF OF SAID SOUTHWEST QUARTER (N. 1/2 S.W. 1/4);

THENCE N 90°00'00" W ALONG THE SOUTH LINE OF THE NORTH HALF OF SAID SOUTHWEST QUARTER (N. 1/2 S.W. 1/4) FOR A DISTANCE OF TWO HUNDRED FORTY ONE (241) FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF SAID HOUKUM FIRST SUBDIVISION, THE POINT OF BEGINNING.

SAID TRACT CONTAINS 15.3 ACRES, MORE OR LESS.

HEIDEN: (11/03/05)

THAT PART OF THE SOUTHEAST QUARTER (S.E. 1/4) OF SECTION NINETEEN (19) AND THE SOUTHWEST QUARTER (S.W. 1/4) OF SECTION TWENTY (20), TOWNSHIP ONE HUNDRED THIRTY NINE (139) NORTH, RANGE FORTY NINE (49) WEST, CASS COUNTY, NORTH DAKOTA, DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER (S.E. 1/4) OF SAID SECTION NINETEEN (19);

THENCE WEST ALONG THE SOUTH LINE OF SAID SOUTHEAST QUARTER (S.E. 1/4) TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF CASS COUNTY HIGHWAY #17;

THENCE NORTHWESTERLY ALONG THE EAST RIGHT-OF-WAY LINE OF CASS COUNTY HIGHWAY #17 TO A POINT ON A LINE LYING THREE HUNDRED (300.00) FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF SAID SOUTHEAST QUARTER (S.E. 1/4);

THENCE EAST PARALLEL TO THE NORTH LINE OF SAID SOUTHEAST QUARTER (S.E. 1/4) TO THE POINT ON THE CENTERLINE OF THE SHEYENNE RIVER;

THENCE SOUTHEASTERLY AND SOUTHERLY ALONG THE CENTERLINE OF SAID SHEYENNE RIVER TO THE A POINT ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (N.W. 1/4 S.W. 1/4) OF SAID SECTION TWENTY (20);

THENCE WEST ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (N.W. 1/4 S.W. 1/4) OF SAID SECTION TWENTY (20) TO A POINT ON THE EAST LINE OF SAID SECTION NINETEEN (19);

THENCE SOUTH ALONG THE EAST LINE OF SAID SECTION NINETEEN (19) TO THE SOUTHEAST CORNER OF SAID SECTION NINETEEN (19), THE POINT OF BEGINNING.

SAID TRACT CONTAINS 23.4 ACRES, MORE OR LESS.

RONALD & NANCY LOBERG: OPTION B (11/29/05)

THAT PART OF THE NORTHEAST QUARTER (N.E. 1/4) OF SECTION NINETEEN (19), TOWNSHIP ONE HUNDRED THIRTY NINE (139) NORTH, RANGE FORTY NINE (49) WEST, CASS COUNTY, NORTH DAKOTA, DESCRIBED AS FOLLOWS;

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF SAID NORTHEAST QUARTER (N.E. 1/4) OF SECTION NINETEEN (19) AND THE EASTERLY RIGHT-OF-WAY LINE OF CASS COUNTY HIGHWAY #17;

THENCE NORTHERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID CASS COUNTY HIGHWAY #17 TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF THE SHEYENNE DIVERSION;

THENCE EASTERLY, NORTHEASTERLY AND NORTHWESTERLY ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID SHEYENNE DIVERSION TO A POINT ON THE CENTERLINE OF THE SHEYENNE RIVER;

THENCE EASTERLY ALONG THE CENTERLINE OF SAID SHEYENNE RIVER TO A POINT ON THE EAST LINE OF SAID NORTHEAST QUARTER (N.E. 1/4);

THENCE SOUTH ALONG THE EAST LINE OF SAID NORTHEAST QUARTER (N.E. 1/4) TO THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER (N.E. 1/4);

THENCE WEST ALONG THE SOUTH LINE OF SAID NORTHEAST QUARTER (N.E. 1/4) TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF CASS COUNTY HIGHWAY #17, THE POINT OF BEGINNING.

SAID TRACT CONTAINS 17.6 ACRES, MORE OR LESS.

LOBERG: (11/04/05)

THAT PART OF THE NORTHWEST QUARTER (N.W. 1/4) OF SECTION TWENTY NINE (29), TOWNSHIP ONE HUNDRED THIRTY NINE (139) NORTH, RANGE FORTY NINE (49) WEST, CASS COUNTY, NORTH DAKOTA, DESCRIBED AS FOLLOWS;

COMMENCING AT THE NORTHWEST CORNER OF A 12.74 ACRE PARCEL IN THE NORTHWEST QUARTER OF SAID SECTION TWENTY NINE (29);

THENCE N 86°53'27"E (ASSUMED BEARING) ALONG THE NORTH LINE OF SAID SECTION TWENTY NINE (29) FOR A DISTANCE OF ONE THOUSAND THREE HUNDRED FIFTY TWO AND NINETY FIVE HUNDREDTHS (1,352.95) FEET TO THE POINT OF INTERSECTION WITH THE CENTERLINE OF THE ROAD TO THE SOUTH;

THENCE S 00°43'57"E ALONG THE CENTERLINE OF SAID ROAD FOR A DISTANCE OF ONE THOUSAND SIX HUNDRED THIRTY SEVEN AND SEVENTY THREE HUNDREDTHS (1,637.73) TO THE POINT OF BEGINNING;

THENCE N 86°44'04" W PARALLEL TO THE SOUTH LINE OF SAID NORTHWEST QUARTER (N.W. 1/4) FOR A DISTANCE OF SIX HUNDRED NINETY FIVE AND EIGHTY THREE HUNDREDTHS (695.83) FEET;

THENCE S 00°39'09"E FOR A DISTANCE OF TWO HUNDRED THIRTY SEVEN (237) FEET, MORE OR LESS, TO A POINT ON THE CENTERLINE OF THE SHEYENNE RIVER;

THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF SAID SHEYENNE RIVER TO A POINT ON THE SOUTH LINE OF SAID NORTHWEST QUARTER (N.W. 1/4);

THENCE S 86°44'04"E ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER (N.W. 1/4) FOR A DISTANCE OF THREE HUNDRED SIXTY SIX (366) FEET, MORE OR LESS, TO A POINT LYING ONE HUNDRED FIFTY (150.00) EAST OF THE CENTERLINE OF THE AFORESAID ROAD;

THENCE NORTHWESTERLY ONE HUNDRED FIFTY (150.00) EAST OF AND PARALLEL TO SAID ROAD CENTERLINE TO A POINT ON A LINE BEARING S 86°44'04" E FROM THE POINT OF BEGINNING;

THENCE N 86°44'04" W ALONG SAID LINE FOR A DISTANCE OF ONE HUNDRED FIFTY (150) FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 13.2 ACRES, MORE OR LESS.

# Snow Emergency Ordinance

SECTION 2 2-04 SNOW EMERGENCY ROUTES, SNOW EMERGENCY

# Current Snow Emergency Ordinance

- ▶ In preparing the presentation of the revisions to the parking ordinance to include a section on Snow Emergency Routes, we found a current ordinance.
- ▶ This current ordinance had been overlooked as it was in the Sidewalk and Streets Ordinance Section 2-04.
- ▶ The current ordinance accomplishes the goals that we had set out to accomplish.
- ▶ We will use and enforce the current ordinance going forward.

# Snow Emergency Ordinance 2-04

## Main Points

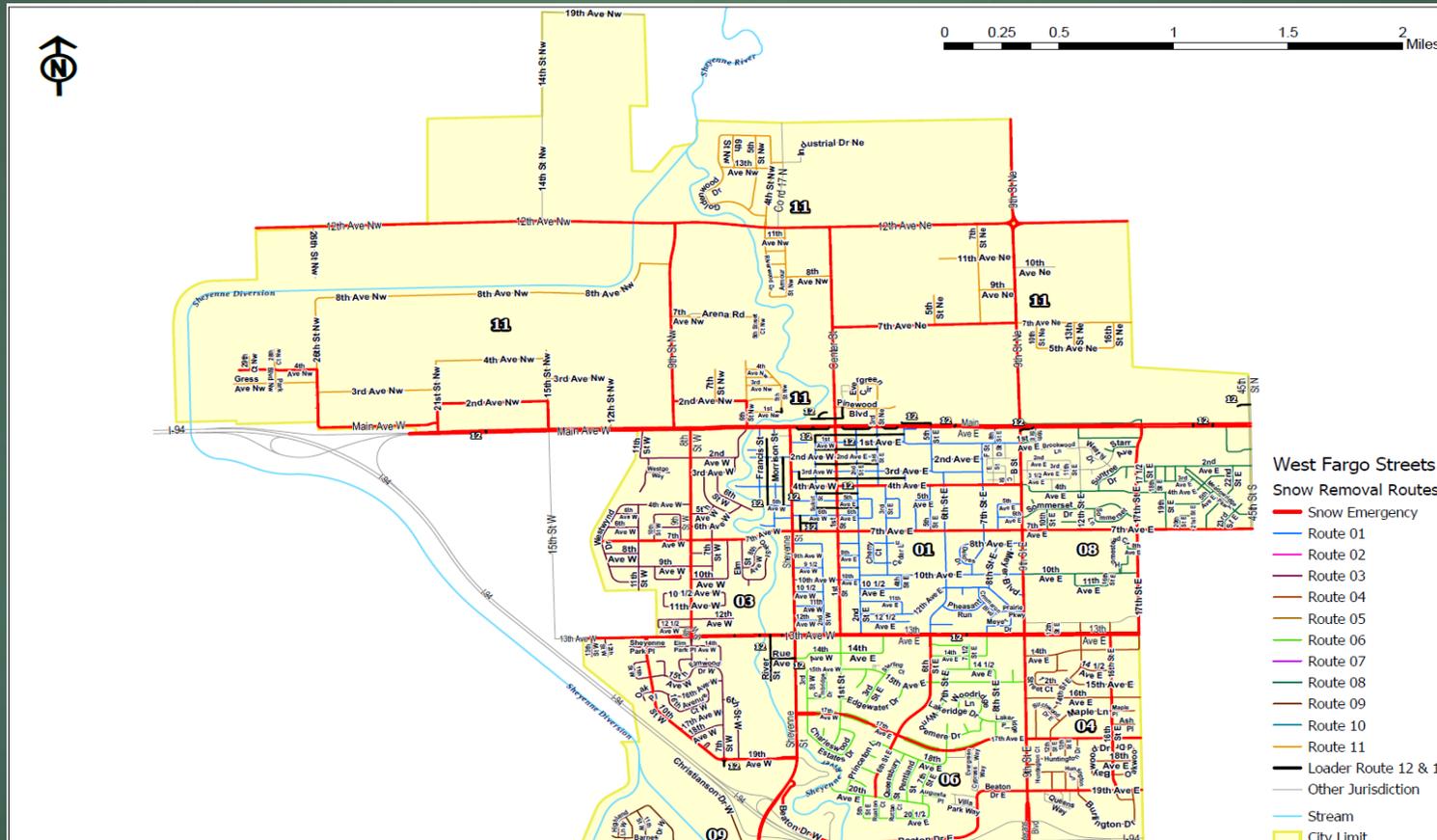
- ▶ Street Superintendent of Streets, declare a snow emergency, which would put into effect parking restrictions on Snow Emergency Routes.
- ▶ The declaration of the snow emergency will be announced by means of broadcasts and newspapers. It will go into effect 3 hours after it has been announced 3 time between 6:00am – 11:00pm on any day.
- ▶ Parking Prohibition shall automatically into effect if 3inches or more snow has fallen in one hour or between the hours of 6:0o am - 11:00pm of any day
- ▶ Vehicles parked on a Snow Emergency during this time may be towed.



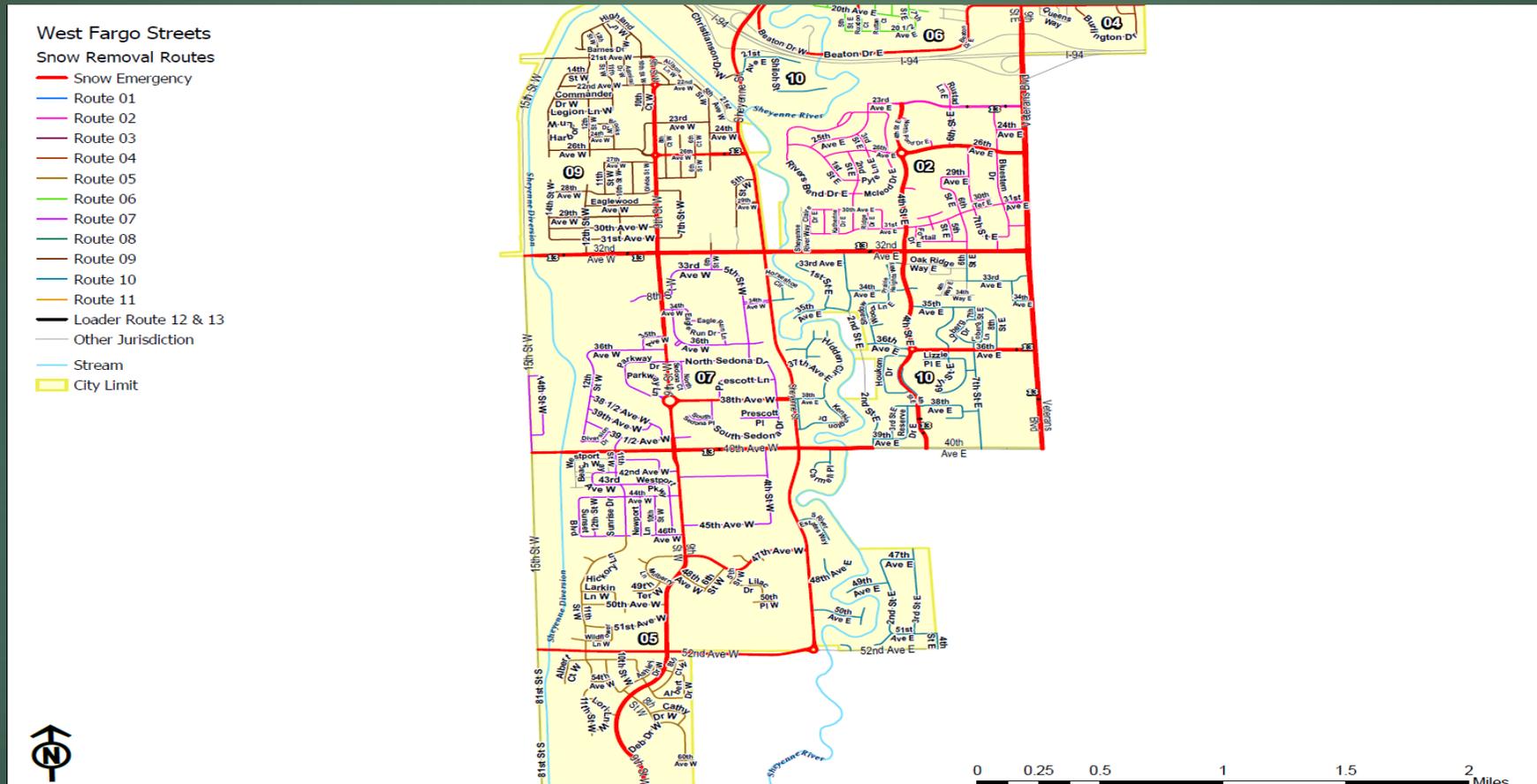
# Deference's from the Revision?

- ▶ Street Superintendent may declare the emergency instead of the Mayor.
- ▶ It spells out the time frame when it would go into effect.
- ▶ Allows parking once a street has been plowed curb to curb for the length of a block
- ▶ It has a section explaining the signing of the streets.

# Snow Emergency Routes North Of Interstate



# Snow Emergency Routes South of Interstate



Questions?



CHAPTER 2-04

SNOW EMERGENCY ROUTES

SECTIONS:

- 2-0401. Declaration of Emergency.
- 2-0402. Declaration of Emergency to the Public.
- 2-0403. Parking on Snow Emergency Routes.
- 2-0404. Stalled Vehicle on Snow Emergency Route.
- 2-0405. Signs to Mark Snow Emergency Routes & Signs to Mark Parking Prohibition.
- 2-0406. Impounding Vehicles.
- 2-0407. Designation of Snow Emergency Routes.
- 2-0408. Severability.

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2-0401. DECLARATION OF EMERGENCY.

1. Whenever in the opinion of the Superintendent of Streets or in his absence, the Assistant Street Superintendent or in the absence of both the Superintendent of Streets and the Assistant Street Superintendent, the Commissioner in charge of Streets, an emergency exists in the City because of falling snow, sleet, freezing rain or on the basis of a forecast by the U.S. Weather Bureau that weather conditions would create or will likely create hazardous road conditions impeding or likely to impede the free movement of fire, health, police, emergency or other vehicular traffic or otherwise endanger the safety and welfare of the community, such official shall put into effect a parking prohibition on Snow Emergency Routes as established by this chapter by declaring in the manner prescribed by Section 2 that a snow emergency exists.

Source: Ord. 310, Sec. 1 (1982).

2-0402. DECLARATION OF EMERGENCY TO PUBLIC.

- A. Superintendent of Streets or other official authorized by this chapter shall cause each declaration made by him pursuant to this chapter to be publicly announced by means of broadcasts or telecasts from stations with a normal operating range covering the city, and he may cause such declaration to be further announced in newspapers of general circulation when feasible. Each announcement shall describe the action taken by the Public Works Director or other official authorized by this chapter, including the time it became or will become effective, and shall specify whether it is applicable to primary snow emergency routes only, or both primary and

secondary snow emergency routes; and shall not go into effect until at least three hours after it has been announced at least three times between 6:00 a.m. and 11:00 p.m. on any day.

- B. The Superintendent of streets or other official authorized by this chapter shall make or cause to be made a record of each time and date when any declaration as announced to the public in accordance with this section.
- C. Termination of Parking Prohibition by the Superintendent of Streets or Other Official Authorized by This Chapter -- Whenever the Superintendent of Streets or other official authorized by this chapter shall find that some or all of the conditions which give rise to a parking prohibition in effect pursuant to this chapter no longer exist, he may declare the prohibition terminated, in whole or in part, in the manner prescribed by this chapter, effective immediately upon announcement.
- D. Provisions Temporarily Effective to Take Precedence -- Any provision of this chapter which becomes effective by declaration of the Superintendent of Streets or other official authorized by this chapter, or upon the occurrence of certain weather conditions shall, while temporarily in effect, take precedence over other conflicting provisions of law normally in effect, except that it shall not take precedence over provisions of law relating to traffic accidents, emergency travel of authorized emergency vehicles or emergency traffic directions by a police officer.

Source: Ord. 310, Sec. 2 (1982).

#### 2-0403. PARKING ON SNOW EMERGENCY ROUTES.

- A. A parking prohibition shall automatically go into effect on any part of any primary snow emergency route on which there has been part of an accumulation of snow and ice of three inches or more for one hour or more between 6:00 a.m. and 11:00 p.m. of any day.
- B. A prohibition of parking on secondary snow emergency routes will only come into effect upon announcement as set out in Section 2-0402. The announcement may include all or part of the secondary snow emergency routes and may provide different times for prohibited parking on different streets and avenues.
- C. Once in effect, a prohibition under this section shall remain in effect until terminated by announcement of the Superintendent of Streets in accordance with this chapter, except that any street area which has become

substantially clear of snow and ice from curb to curb for the length of the entire block shall be automatically excluded therefrom. While the prohibition is in effect, no person shall park or allow to remain parked any vehicle on any portion of a primary snow emergency route to which it applies. However, nothing in this section shall be construed to permit parking at any time or place where it is forbidden by any other provision of law.

SOURCE: Ord. 310, Sec. 3 (1982); Ord. 327, Sec. 1 (1983);  
Ord. 355, Sec 1 (1986); Ord. 767, Sec. 1 (2005).

2-0404. STALLED-VEHICLE ON SNOW EMERGENCY ROUTE. Whenever a vehicle becomes stalled for any reason, whether or not in violation of this chapter, on any part of a snow emergency route on which there is a covering of snow, sleet or ice or on which there is a parking prohibition in effect, the person operating such vehicle shall take immediate action to have the vehicle towed or pushed off the roadway of such snow emergency route, either into the first cross street which is not a snow emergency route, or onto the public space portion of a nearby driveway. No person shall abandon or leave his vehicle in the roadway of a snow emergency route (regardless of whether he indicates, by raising the hood or otherwise, that the vehicle is stalled), except for the purpose of securing assistance during the actual time necessary to go to a nearby telephone or to a nearby garage, gasoline station or other place of assistance and return without delay.

SOURCE: Ord. 310, Sec. 4 (1982); Ord. 355, Sec. 2 (1986).

2-0405. SIGNS TO MARK SNOW EMERGENCY ROUTES & SIGNS TO MARK PARKING PROHIBITION.

- A. On each street designated as a primary snow emergency route, as set forth in Section 2-0407 of this chapter, shall be posted special signs "Snow Emergency Route."
- B. On each street where parking is prohibited, as set forth in Section 2-0403, "No parking" signs shall be posted.
- C. No signs shall be required on secondary snow emergency routes.

SOURCE: Ord. 310, Sec. 5 (1982); Ord. 355, Sec. 3 (1986).

2-0406. IMPOUNDING VEHICLES.

- A. Any vehicle stopped on any primary or secondary snow route in violation of any of the provisions of this article may be impounded, and no person shall recover any vehicle removed pursuant to this section without first paying the cost of storage either directly to the towing

service and storage place, or by reimbursing the City if the City shall have previously paid such charges, plus an additional Twenty-five and no/100 Dollars (\$25.00) payable to the City to cover the costs of the City in assisting the impounding of said vehicle.

- B. In addition to the fees set forth in subsection A, any person violating any of the provisions of Chapter 2-04 of the Revised Ordinances of 1990 of the City of West Fargo, North Dakota, shall be guilty of an infraction and shall be subject to the penalties set forth in Section 1-0211.

SOURCE: Ord. 310, Sec. 6 (1982); Ord. 355, Sec. 4 (1986);  
Ord. 385, Sec. 7 (1989).

#### 2-0407. DESIGNATION OF SNOW EMERGENCY ROUTES.

- A. Streets in the City of West Fargo designated as primary snow emergency routes shall be as set out in a Resolution passed by the City Commission of the City of West Fargo.
- B. All other City streets in the City of West Fargo, North Dakota, not set forth in the Resolution are designated as secondary snow emergency routes.

SOURCE: Ord. 310, Sec. 7 (1982); Ord. 355, Sec. 5 (1986);  
Ord. 514, Sec. 1 (1997); Ord 606; Sec. 1 (2000);  
Ord. 662, Sec. 1 (2003); Ord. 767, Sec. 1 (2005).

2-0408. SEVERABILITY. Should any part or provision of this chapter be declared by a Court of competent jurisdiction to be invalid, the same shall not affect the validity of the chapter as a whole, or any part thereof, other than the part declared to be invalid.

Source: Ord. 310, Sec. 8 (1982).



Dustin T. Scott - City Engineer  
Jerry Wallace – Civil Engineer  
Andrew Wrucke – Transportation Engineer  
Kayla Volness – Engineering Office Manager

Engineering Department  
800 4<sup>th</sup> Ave E  
West Fargo, ND 58078  
701-433-5430  
[www.westfargond.gov](http://www.westfargond.gov)

**AGENDA ITEM REQUEST**  
*BOARD OF CITY COMMISSIONERS*  
*WEST FARGO, NORTH DAKOTA*

<b>OFFICE USE:</b> <b>AGENDA ITEM #</b> <u>    5    </u>
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\*\* "Consent" or "Regular" Agenda Item? **Regular** \*\*

1. CONTACT PERSON(s):
  - Dustin T. Scott, City Engineer (433-5425)
  
2. DATE OF MEETING:
  - **April 20, 2020**
  
3. DESCRIPTION OF REQUEST:
  - Review Task Order No. 16-2 for professional services relating to Project No. 6055 Drain 45 Multi-Use Path.  
**Note:** The City Commission reviewed and “tabled” this item during their regular meeting on April 6th
  
4. LOCATION (address; legal; etc.):
  - 7<sup>th</sup> Ave E to 13<sup>th</sup> Ave E
  
5. ACTION(s) REQUESTED:
  - Approve Task Order No. 16-2 with an estimated cost of **\$123,500.00**  
**Note:** this total includes **\$37,800.00** already approved in previous Task Orders 16 (\$24,300.00) and 16-1 (\$13,500.00)

**ADDITIONAL INFORMATION:**

- This Task Order will be executed in accordance with the “Master Service Agreement” between the City of West Fargo and Moore Engineering, Inc. dated May 1, 2018 and approved by the West Fargo Commission on September 4, 2018.

- On February 17, 2020 The City Commission reviewed and approved the Engineers Report as well as directed the engineer to prepare plans and specifications
- This project was awarded a federal grant of \$232,000.00 by the NDDOT through the Transportation Alternatives Program. The City had applied for the grant since 2014 after the completion of the drain enclosure projects. The City has also applied for TAP funding for other pedestrian facilities, but the NDDOT selection committee awarded to this project only.

**EXHIBIT A to MSA**  
**Task Order “Template” for Design & Construction Services**

This is Task Order No. 16-2,  
consisting of 20 pages.

**Task Order 16–2**

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In accordance with Paragraph 1.01 of the Agreement Between Owner and Engineer for Professional Services – Task Order Edition, dated May 1, 2018 and approved by the West Fargo City Commission on September 4, 2018 ("Agreement"), Owner and Engineer agree as follows:

**1. Background Data**

- a. Effective Date of Task Order: March 31, 2020
- b. Owner: City of West Fargo
- c. Engineer: Moore Engineering, Inc.
- d. Specific Project (title): Project No. 6055
- e. Specific Project (description): Drain 45 – Multi Use Path – Ph 1 (7<sup>th</sup> to 13<sup>th</sup> Avenue)

**2. Services of Engineer**

The specific services to be provided or furnished by Engineer under this Task Order are as follows:

A. *Preliminary Design Phase – Prior to Preliminary Design, the city will complete any studies, reports, and/or any other work necessary to evaluate project alternatives and estimated costs. Services under this phase will begin once a preferred alternative is determined and the corresponding “Engineer’s Report” has been approved by the Board of City Commissioners.*

1. Engineer shall:

- a. Coordinate a meeting with the Owner to review the project and task order to ensure mutual understanding of the objectives, requirements, schedule, etc. prior to starting work.
- b. Prepare Preliminary Design Phase documents consisting of final design criteria, preliminary drawings, outline specifications, and written descriptions of the Specific Project. This shall include coordination as necessary with Engineer’s “Subcontractor(s) and/or other consultants employed by the Owner, such as a geotechnical consultant. Any deliverables executed by other Owner consultants, such as technical data, reports, drawings and specifications, etc. shall be provided to Engineer.
- c. In preparing the Preliminary Design Phase documents, use any specific applicable Specific Project Strategies, Technologies, and Techniques authorized by Owner during or following the Study and Report Phase, and include sustainable features, as appropriate, pursuant to Owner’s instructions. This shall include coordination as necessary with Engineer’s “Subcontractor(s) and/or other consultants employed by the Owner, such as a geotechnical consultant. Any deliverables executed by other Owner consultants, such as technical data, reports, drawings and specifications, etc. shall be provided to Engineer.

- d. Provide necessary field surveys and topographic and utility mapping for Engineer's design purposes. Comply with the scope of work and procedure for the identification and mapping of existing utilities selected and authorized by Owner pursuant to advice from Engineer based on ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data." If no such scope of work and procedure for utility mapping has been selected and authorized, then at a minimum the utility mapping will include Engineer contacting utility owners and obtaining available information.
  - e. Visit the Site as needed to prepare the Preliminary Design Phase documents.
  - f. Advise Owner if additional reports, data, information, or services are necessary and assist Owner in obtaining such reports, data, information, or services.
  - g. Continue to assist Owner with Specific Project Strategies, Technologies, and Techniques that Owner has chosen to implement.
  - h. Based on the information contained in the Preliminary Design Phase documents, prepare a revised opinion of probable Construction Cost, and assist Owner in tabulating the various cost categories which comprise Total Project Costs.
  - i. Obtain and review Owner's instructions regarding Owner's procurement of construction services (including instructions regarding advertisements for bids, instructions to bidders, and requests for proposals, as applicable), Owner's construction contract practices and requirements, insurance and bonding requirements, electronic transmittals during construction, and other information necessary for the finalization of Owner's bidding-related documents (or requests for proposals or other construction procurement documents), and Construction Contract Documents. Also obtain and review copies of Owner's design and construction standards, Owner's standard forms, general conditions (if other than EJCDC® C-700, Standard General Conditions of the Construction Contract, 2018 Edition), supplementary conditions, text, and related documents or content for Engineer to include in the draft bidding-related documents (or requests for proposals or other construction procurement documents), and in the draft Construction Contract Documents, when applicable.
  - j. Pursuant to the Task Order schedule, furnish the required number of review copies of the Preliminary Design Phase documents, opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables to Owner, and review them with Owner. Within the time established in the Task Order schedule, Owner shall submit to Engineer any comments regarding the furnished items.
  - k. Pursuant to the Task Order schedule, revise the Preliminary Design Phase documents, opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables in response to Owner's comments, as appropriate, and furnish to Owner the required number of copies of the revised Preliminary Design Phase documents, revised opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables.
2. Engineer's services under the Preliminary Design Phase will be considered complete on the date when Engineer has delivered to Owner the revised Preliminary Design Phase documents, revised opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables

B. *Final Design Phase*

1. Engineer shall:

- a. Prepare final Drawings and Specifications indicating the scope, extent, and character of the Work to be performed and furnished by Contractor. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner, such as a geotechnical consultant. Any deliverables executed by other Owner consultants, such as technical data, reports, drawings and specifications, etc. shall be provided to Engineer.
- b. Visit the Site as needed to assist in preparing the final Drawings and Specifications.
- c. Provide technical criteria, written descriptions, and design data for Owner's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design; assist Owner in consultations with such authorities; and revise the Drawings and Specifications in response to directives from such authorities, as appropriate. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner, such as a geotechnical consultant. Any deliverables executed by other Owner consultants, such as technical data, reports, drawings and specifications, etc. shall be provided to Engineer.
- d. Advise Owner of any recommended adjustments to the opinion of probable Construction Cost.
- e. After consultation with Owner, include in the Construction Contract Documents any specific protocols for the transmittal of Project-related correspondence, documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website. Any such protocols shall be applicable to transmittals between and among Owner, Engineer, and Contractor during the Construction Phase and Post-Construction Phase, and unless agreed otherwise shall supersede any conflicting protocols previously established for transmittals between Owner and Engineer.
- f. After consultation with Owner, identify extent of final rights of way, both temporary and permanent, needed for construction of the project.
- g. Assist Owner in assembling known reports and drawings of Site conditions, and in identifying the technical data contained in such reports and drawings upon which bidders or other prospective contractors may rely.
- h. In addition to preparing the final Drawings and Specifications, assemble drafts of other Construction Contract Documents based on specific instructions and contract forms, text, or content received from Owner.
- i. Prepare or assemble draft bidding-related documents (or requests for proposals or other construction procurement documents), based on the specific bidding or procurement-related instructions and forms, text, or content received from Owner.
- j. Pursuant to the Task Order schedule, furnish for review by Owner, its legal counsel, and other advisors, the required number of copies of the final Drawings and Specifications, assembled drafts of other Construction Contract Documents, the draft bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables, and review them with Owner. Within the time required by the Task Order schedule, Owner shall submit to Engineer any comments regarding the furnished items, and any instructions for revisions.
- k. Pursuant to the Task Order schedule, revise the final Drawings and Specifications, assembled drafts of other Construction Contract Documents, the draft bidding-related documents (or

requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables in accordance with comments and instructions from the Owner, as appropriate, and submit the required number of final copies of such documents to Owner after receipt of Owner's comments and instructions.

2. Engineer's services under the Final Design Phase will be considered complete on the date when Engineer has delivered to Owner the final Drawings and Specifications, other assembled Construction Contract Documents, bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables.
3. The number of prime contracts for Work designed or specified by Engineer upon which the Engineer's compensation has been established under this Task Order is one.

C. *Bidding or Negotiating Phase*

1. Engineer shall:
  - a. Assist Owner in advertising for and obtaining bids or proposals for the Work, assist Owner in issuing assembled design, contract, and bidding-related documents (or requests for proposals or other construction procurement documents) to prospective contractors, and, where applicable, maintain a record of prospective contractors to which documents have been issued, attend pre-bid conferences, if any, and receive and process contractor deposits or charges for the issued documents.
  - b. Prepare and issue Addenda as appropriate to clarify, correct, or change the issued documents. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner, such as a geotechnical consultant. Any addenda from other Owner consultants shall be provided to Engineer.
  - c. Provide information or assistance needed by Owner in the course of any review of proposals or negotiations with prospective contractors.
  - d. Consult with Owner as to the qualifications of prospective contractors.
  - e. Consult with Owner as to the qualifications of Subcontractors, suppliers, and other individuals and entities proposed by prospective contractors, for those portions of the Work as to which review of qualifications is required by the issued documents.
  - f. If the issued documents require, the Engineer shall evaluate and determine the acceptability of "or equals" and substitute materials and equipment proposed by prospective contractors, provided that such proposals are allowed by the bidding-related documents (or requests for proposals or other construction procurement documents) prior to award of contracts for the Work.
  - g. Attend the bid opening as needed, prepare bid tabulation sheets to meet Owner's schedule, and assist Owner in evaluating bids or proposals, assembling final contracts for the Work for execution by Owner and Contractor, and in issuing notices of award of such contracts.
  - h. If Owner engages in negotiations with bidders or proposers, assist Owner with respect to technical and engineering issues that arise during the negotiations.

- i. Coordinate execution of Contract by assembling contract documents for review by Owner, Owner's Attorney, and Contractor and assist in routing contracts between entities to obtain necessary signatures.
2. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective contractors.

D. *Construction Phase*

1. Engineer shall:

- a. *General Administration of Construction Contract*: Consult with Owner and act as Owner's representative as provided in the Construction Contract. The extent and limitations of the duties, responsibilities, and authority of Engineer shall be as assigned in EJCDC® C-700, Standard General Conditions of the Construction Contract (2018 Edition), prepared by the Engineers Joint Contract Documents Committee, or other construction general conditions specified in the Agreement. If Owner, or Owner and Contractor, modify the duties, responsibilities, and authority of Engineer in the Construction Contract, or modify other terms of the Construction Contract having a direct bearing on Engineer, then Owner shall compensate Engineer for any related increases in the cost to provide Construction Phase services. Engineer shall not be required to furnish or perform services contrary to Engineer's responsibilities as a licensed professional. All of Owner's instructions to Contractor will be issued through Engineer, which shall have authority to act on behalf of Owner in dealings with Contractor to the extent provided in this Agreement and the Construction Contract except as otherwise provided in writing.
- b. *Resident Project Representative (RPR)*: Provide the services of an RPR at the Site to assist the Engineer and to provide more extensive observation of Contractor's work. Duties, responsibilities, and authority of the RPR are as set forth below. The furnishing of such RPR's services will not limit, extend, or modify Engineer's responsibilities or authority except as expressly set forth below.
  - 1) Engineer shall furnish a Resident Project Representative ("RPR") to assist Engineer in observing progress and quality of the Work. The RPR may provide full time representation or may provide representation to a lesser degree. RPR is Engineer's representative at the Site, will act as directed by and under the supervision of Engineer, and will confer with Engineer regarding RPR's actions.
  - 2) Through RPR's observations of the Work, including field checks of materials and installed equipment, Engineer shall endeavor to provide further protection for Owner against defects and deficiencies in the Work. However, Engineer shall not, as a result of such RPR observations of the Work, supervise, direct, or have control over the Work, nor shall Engineer (including the RPR) have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, for security or safety at the Site, for safety precautions and programs incident to the Work or any Constructor's work in progress, for the coordination of the Constructors' work or schedules, or for any failure of any Constructor to comply with Laws and Regulations applicable to the performing and furnishing of its work. The Engineer (including RPR) neither guarantees the performances of any Constructor nor assumes responsibility for any Constructor's failure to furnish and perform the Work, or any portion of the Work, in accordance with the Construction Contract Documents. In addition, the specific terms set forth in in this Task Order, are applicable.

- 3) The duties and responsibilities of the RPR are as follows:
- a) *General:* RPR's dealings in matters pertaining to the Work in general shall be with Engineer and Contractor. RPR's dealings with Subcontractors shall only be through or with the full knowledge and approval of Contractor. RPR shall generally communicate with Owner only with the knowledge of and under the direction of Engineer.
  - b) *Schedules:* Review the progress schedule, schedule of Shop Drawing and Sample submittals, schedule of values, and other schedules prepared by Contractor and consult with Engineer concerning acceptability of such schedules.
  - c) *Conferences and Meetings:* Attend meetings with Contractor, such as preconstruction conferences, progress meetings, job conferences, and other Project-related meetings (but not including Contractor's safety meetings), and as appropriate prepare and circulate copies of minutes thereof.
  - d) *Safety Compliance:* Comply with Site safety programs, as they apply to RPR, and if required to do so by such safety programs, receive safety training specifically related to RPR's own personal safety while at the Site.
  - e) *Liaison*
    - Serve as Engineer's liaison with Contractor. Working principally through Contractor's authorized representative or designee, assist in providing information regarding the provisions and intent of the Construction Contract Documents.
    - Assist Engineer in serving as Owner's liaison with Contractor when Contractor's operations affect Owner's on-Site operations.
    - Assist in obtaining from Owner additional details or information, when required for proper execution of the Work.
  - f) *Clarifications and Interpretations:* Receive from Contractor submittal of any matters in question concerning the requirements of the Construction Contract Documents (sometimes referred to as requests for information or interpretation—RFIs), or relating to the acceptability of the Work under the Construction Contract Documents. Report to Engineer regarding such RFIs. Report to Engineer when clarifications and interpretations of the Construction Contract Documents are needed, whether as the result of a Contractor RFI or otherwise. Transmit Engineer's clarifications, interpretations, and decisions to Contractor.
  - g) *Shop Drawings and Samples*
    - Record date of receipt of Samples and Contractor-approved Shop Drawings.
    - Receive Samples that are furnished at the Site by Contractor, and notify Engineer of availability of Samples for examination.
    - Advise Engineer and Contractor of the commencement of any portion of the Work requiring a Shop Drawing or Sample submittal, if RPR believes that the submittal has not been received from Contractor, or has not been approved by Contractor or Engineer.
  - h) *Proposed Modifications:* Consider and evaluate Contractor's suggestions for modifications to the Drawings or Specifications, and report such suggestions, together with RPR's recommendations, if any, to Engineer. Transmit Engineer's response (if any) to such suggestions to Contractor.
  - i) *Review of Work; Defective Work*

- Report to Engineer whenever RPR believes that any part of the Work is defective under the terms and standards set forth in the Construction Contract Documents, and provide recommendations as to whether such Work should be corrected, removed and replaced, or accepted as provided in the Construction Contract Documents.
  - Inform Engineer of any Work that RPR believes is not defective under the terms and standards set forth in the Construction Contract Documents, but is nonetheless not compatible with the design concept of the completed Project as a functioning whole, and provide recommendations to Engineer for addressing such Work; and
  - Advise Engineer of that part of the Work that RPR believes should be uncovered for observation, or requires special testing, inspection, or approval.
- j) Inspections, Tests, and System Start-ups
- Consult with Engineer in advance of scheduled inspections, tests, and systems start-ups.
  - Verify that tests, equipment, and systems start-ups and operating and maintenance training are conducted in the presence of appropriate Owner's personnel, and that Contractor maintains adequate records thereof.
  - Observe, record, and report to Engineer appropriate details relative to the test procedures and systems start-ups.
  - Observe whether Contractor has arranged for inspections required by Laws and Regulations, including but not limited to those to be performed by public or other agencies having jurisdiction over the Work.
  - Accompany visiting inspectors representing public or other agencies having jurisdiction over the Work, record the results of these inspections, and report to Engineer.
- k) Records
- Maintain at the Site orderly files for correspondence, reports of job conferences, copies of Construction Contract Documents including all Change Orders, Field Orders, Work Change Directives, Addenda, additional Drawings issued subsequent to the execution of the Construction Contract, RFIs, Engineer's clarifications and interpretations of the Construction Contract Documents, progress reports, Shop Drawing and Sample submittals received from and delivered to Contractor, and other Project-related documents.
  - Prepare a daily report or keep a diary or log book, recording Contractor's hours on the Site, Subcontractors present at the Site, weather conditions, data relative to questions of Change Orders, Field Orders, Work Change Directives, or changed conditions, Site visitors, deliveries of equipment or materials, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to Engineer.
  - Upon request from Owner to Engineer, photograph or video work in progress or Site conditions.
  - Record and maintain accurate, up-to-date lists of the names, addresses, fax numbers, e-mail addresses, websites, and telephone numbers (including mobile numbers) of all Contractors, Subcontractors, and major Suppliers of materials and equipment.

- Maintain records for use in preparing Specific Project documentation.
  - Upon completion of the Work, furnish original set of all RPR Project documentation to Engineer.
- l) Reports
- Furnish to Engineer periodic reports as required of progress of the Work and of Contractor's compliance with the progress schedule and schedule of Shop Drawing and Sample submittals.
  - Draft and recommend to Engineer proposed Change Orders, Work Change Directives, and Field Orders. Obtain backup material from Contractor.
  - Furnish to Engineer and Owner copies of all inspection, test, and system start-up reports.
  - Immediately inform Engineer of the occurrence of any Site accidents, emergencies, acts of God endangering the Work, possible force majeure or delay events, damage to property by fire or other causes, or the discovery of any potential differing site condition or Constituent of Concern.
- m) *Payment Requests*: Review applications for payment with Contractor for compliance with the established procedure for their submission and forward with recommendations to Engineer, noting particularly the relationship of the payment requested to the schedule of values, Work completed, and materials and equipment delivered at the Site but not incorporated in the Work.
- n) *Certificates, Operation and Maintenance Manuals*: During the course of the Work, verify that materials and equipment certificates, operation and maintenance manuals and other data required by the Contract Documents to be assembled and furnished by Contractor are applicable to the items actually installed and in accordance with the Contract Documents, and have these documents delivered to Engineer for review and forwarding to Owner prior to payment for that part of the Work.
- o) Completion:
- Participate in Engineer's visits to the Site regarding Substantial Completion, assist in the determination of Substantial Completion, and prior to the issuance of a Certificate of Substantial Completion, submit a punch list of observed items requiring completion or correction.
  - Participate in Engineer's visit to the Site in the company of, Owner, and Contractor, to determine completion of the Work, and prepare a final punch list of items to be completed or corrected by Contractor.
  - Observe whether all items on the final punch list have been completed or corrected, and make recommendations to Engineer concerning acceptance and issuance of the Notice of Acceptability of the Work (Exhibit A.1).
- 4) Resident Project Representative shall not:
- a) Authorize any deviation from the Construction Contract Documents or substitution of materials or equipment (including "or-equal" items).
  - b) Exceed limitations of Engineer's authority as set forth in this Agreement.
  - c) Undertake any of the responsibilities of Contractor, Subcontractors, or Suppliers, or any Constructor.
  - d) Advise on, issue directions relative to, or assume control over any aspect of the means, methods, techniques, sequences or procedures of the Work, by Contractor or any other Constructor.

- e) Advise on, issue directions regarding, or assume control over security or safety practices, precautions, and programs in connection with the activities or operations of Owner or Contractor.
  - f) Participate in specialized field or laboratory tests or inspections conducted off-site by others except as specifically authorized by Engineer.
  - g) Accept Shop Drawing or Sample submittals from anyone other than Contractor.
  - h) Authorize Owner to occupy the Specific Project in whole or in part
- c. *Pre-Construction Conference:* Participate in a pre-construction conference prior to commencement of Work at the Site.
- d. *Electronic Transmittal Protocols:* If the Construction Contract Documents do not specify protocols for the transmittal of Project-related correspondence, documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website, then together with Owner and Contractor jointly develop such protocols for transmittals between and among Owner, Contractor, and Engineer during the Construction Phase and Post-Construction Phase.
- e. *Original Documents:* If requested by Owner to do so, maintain and safeguard during the Construction Phase at least one original printed record version of the Construction Contract Documents, including Drawings and Specifications signed and sealed by Engineer and other design professionals in accordance with applicable Laws and Regulations. Throughout the Construction Phase, make such original printed record version of the Construction Contract Documents available to Contractor and Owner for review.
- f. *Schedules:* Receive, review, and determine the acceptability of any and all schedules that Contractor is required to submit to Engineer, including the Progress Schedule, Schedule of Submittals, and Schedule of Values.
- g. *Baselines and Benchmarks:* As appropriate, establish baselines and benchmarks for locating the Work which in Engineer's judgment are necessary to enable Contractor to proceed.
- h. *Visits to Site and Observation of Construction:* In connection with observations of Contractor's Work while it is in progress:
- 1) Make visits to the Site at intervals appropriate to the various stages of construction, as Engineer deems necessary, to observe as an experienced and qualified design professional the progress of Contractor's executed Work. Such visits and observations by Engineer, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of the Work or to involve detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in the Agreement, this Task Order, and the Construction Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on Engineer's exercise of professional judgment, as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and observations, Engineer will determine in general if the Work is proceeding in accordance with the Construction Contract Documents, and Engineer shall keep Owner informed of the progress of the Work. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner for observations requiring their expertise.

- 2) The purpose of Engineer's visits to the Site, and representation by the Resident Project Representative, if any, at the Site, will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer during the Construction Phase, and, in addition, by the exercise of Engineer's efforts as an experienced and qualified design professional, to provide for Owner a greater degree of confidence that the completed Work will conform in general to the Construction Contract Documents and that Contractor has implemented and maintained the integrity of the design concept of the completed Project as a functioning whole as indicated in the Construction Contract Documents. Engineer shall not, during such visits or as a result of such observations of the Work, supervise, direct, or have control over the Work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, for security or safety at the Site, for safety precautions and programs incident to any Constructor's work in progress, for the coordination of the Constructors' work or schedules, nor for any failure of any Constructor to comply with Laws and Regulations applicable to furnishing and performing of its work. Accordingly, Engineer neither guarantees the performance of any Constructor nor assumes responsibility for any Constructor's failure to furnish or perform the Work, or any portion of the Work, in accordance with the Construction Contract Documents.
- i. *Defective Work:* Reject Work if, on the basis of Engineer's observations, Engineer believes that such Work is defective under the terms and standards set forth in the Construction Contract Documents. Provide recommendations to Owner regarding whether Contractor should correct such Work or remove and replace such Work, or whether Owner should consider accepting such Work as provided in the Construction Contract Documents.
  - j. *Compatibility with Design Concept:* If Engineer has express knowledge that a specific part of the Work that is not defective under the terms and standards set forth in the Construction Contract Documents is nonetheless not compatible with the design concept of the completed Project as a functioning whole, then inform Owner of such incompatibility, and provide recommendations for addressing such Work.
  - k. *Clarifications and Interpretations:* Accept from Contractor and Owner submittal of all matters in question concerning the requirements of the Construction Contract Documents (sometimes referred to as requests for information or interpretation—RFIs), or relating to the acceptability of the Work under the Construction Contract Documents. With reasonable promptness, render a written clarification, interpretation, or decision on the issue submitted, or initiate an amendment or supplement to the Construction Contract Documents. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner. Any clarifications, interpretation, or decision shall be provided by the Owner's applicable consultant.
  - l. *Field Orders:* Subject to any limitations in the Construction Contract Documents, Engineer may prepare and issue Field Orders requiring minor changes in the Work.
  - m. *Change Orders and Work Change Directives:* Recommend Change Orders and Work Change Directives to Owner, as appropriate, and prepare Change Orders and Work Change Directives as required.
  - n. *Differing Site Conditions:* Respond to any notice from Contractor of differing site conditions, including conditions relating to underground facilities such as utilities, and hazardous environmental conditions. Promptly conduct reviews, obtain information, and prepare findings,

conclusions, and recommendations for Owner's use, subject to the limitations and responsibilities under the Agreement and the Construction Contract. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner. Any reviews, obtaining of information, and preparation of findings, conclusions, and recommendations shall be provided by the Owner's applicable consultant.

- o. *Non-reviewable matters*: If a submitted matter in question concerns the Engineer's performance of its duties and obligations, or terms and conditions of the Construction Contract Documents that do not involve (1) the performance or acceptability of the Work under the Construction Contract Documents, (2) the design (as set forth in the Drawings, Specifications, or otherwise), or (3) other engineering or technical matters, then Engineer will promptly give written notice to Owner and Contractor that Engineer will not provide a decision or interpretation.
- p. *Shop Drawings, Samples, and Other Submittals*: Review and approve or take other appropriate action with respect to Shop Drawings, Samples, and other required Contractor submittals, but only for conformance with the information given in the Construction Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated by the Construction Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto. Engineer shall meet any Contractor's submittal schedule that Engineer has accepted.
- q. *Substitutes and "or-equal"*: Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor.
- r. *Inspections and Tests*:
  - 1) Receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Construction Contract Documents. Engineer's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Construction Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Construction Contract Documents. Engineer shall be entitled to rely on the results of such inspections and tests.
  - 2) As deemed reasonably necessary, request that Contractor uncover Work that is to be inspected, tested, or approved.
  - 3) Pursuant to the terms of the Construction Contract, require additional inspections or testing of the Work, whether or not the Work is fabricated, installed, or completed.
- s. *Change Proposals and Claims*: (a) Review and respond to Change Proposals. Review each duly submitted Change Proposal from Contractor and, within 30 days after receipt of the Contractor's supporting data, either deny the Change Proposal in whole, approve it in whole, or deny it in part and approve it in part. Such actions shall be in writing, with a copy provided to Owner and Contractor. If the Change Proposal does not involve the design (as set forth in the Drawings, Specifications, or otherwise), the acceptability of the Work, or other engineering or technical matters, then Engineer will notify the parties that the Engineer will not resolve the Change Proposal. (b) Provide information or data to Owner regarding engineering or technical matters pertaining to Claims. This shall include coordination as necessary with Engineer's "Subcontractor(s) and/or other consultants employed by the Owner, such as a geotechnical consultant. Any pertinent information shall be provided to Engineer.

- t. *Applications for Payment*: Based on Engineer's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:
  - 1) Determine the amounts that Engineer recommends Contractor be paid. Recommend reductions in payment (set-offs) based on the provisions for set-offs stated in the Construction Contract.
- u. *Contractor's Completion Documents*: Receive from Contractor, review, and transmit to Owner maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance required by the Construction Contract Documents, certificates of inspection, tests and approvals, and Shop Drawings, Samples, and other data approved as provided under Paragraph 2.D.1.p. Receive from Contractor, review, and transmit to Owner the annotated record documents which are to be assembled by Contractor in accordance with the Construction Contract Documents to obtain final payment. The extent of Engineer's review of record documents shall be to check that Contractor has submitted all pages.
- v. *Substantial Completion*: Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with Owner and Contractor, visit the Site to review the Work and determine the status of completion. Follow the procedures in the Construction Contract regarding the preliminary certificate of Substantial Completion, punch list of items to be completed, Owner's objections, notice to Contractor, and issuance of a final certificate of Substantial Completion. Assist Owner regarding any remaining engineering or technical matters affecting Owner's use or occupancy of the Work following Substantial Completion.
- w. *Final Notice of Acceptability of the Work*: Conduct a final visit to the specific Project to determine if the Work is complete and acceptable so that Engineer may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, Engineer shall also provide a notice to Owner and Contractor in the form attached hereto as Exhibit A.1 ("Notice of Acceptability of Work") to the best of Engineer's knowledge, information, and belief, and based on the extent of the services provided by Engineer under the Agreement and this Task Order.
- x. *Standards for Certain Construction-Phase Decisions*: Engineer will render decisions regarding the requirements of the Construction Contract Documents, and judge the acceptability of the Work, pursuant to the specific procedures set forth in the Construction Contract for initial interpretations, Change Proposals, and acceptance of the Work. In rendering such decisions and judgments, Engineer will not show partiality to Owner or Contractor, and will not be liable to Owner, Contractor, or others in connection with any proceedings, interpretations, decisions, or judgments conducted or rendered in good faith.
- y. *Construction Staking*: Engineer will provide the following upon request of the Contractor
  - 1) Water Mains/ Force Mains
    - a) Centerline with offsets at 50' intervals
    - b) Cut stakes to top of pipe with hubs, if plan calls for specified grades
    - c) Curb Stop Locations
  - 2) Storm-Sanitary Sewers
    - a) Centerline stakes with offsets and cuts to inverts at 50' intervals
    - b) Manholes with offsets
    - c) Inlets with offsets
    - d) Wye locations

- e) Service ends with grades
- 3) Streets
  - a) Initial dirt grade stakes with lath every 100' and at high and low
  - b) Subgrade blue tops for centerline and curb and gutter areas if so specified in construction contract
  - c) Centerline gravel blue tops if so specified in construction contract
  - d) Curb & gutter flow line stakes with offsets every 25'
  - e) Concrete Paving grade stakes with offset at 25' intervals plus high and low points
- 4) Lift Stations (without buildings)
  - a) Location & elevation of rim and invert centerline of wet well, dry well, and/or check valve manhole
- 5) Buildings
  - a) Location & elevation of corners of first floor with offsets
- 6) Sidewalks/Multi-Use Paths
  - a) Elevation & location of "Outside" finished edge (one edge) of Sidewalk or Multi-Use Path @ 25' stationing
- 7) Channels/Embankments
  - a) Centerline cut/fill, daylights, and temporary construction easement limits (every 200')
  - b) Culvert alignment, lengths, and invert elevations with offsets
  - c) Structure locations and invert elevations with offsets
- 8) Ponds/Lakes
  - a) Location and elevation of bottom of lake/pond every 200'
  - b) Location and elevation of changes in slopes (i.e. hinges) every 200'
  - c) Location and elevation of contour defining bottom of planting area used to protect slopes every 200'
  - d) Topsoil stripping location every 200'
  - e) Five elevation control points.

2. *Duration of Construction Phase:* The Construction Phase will commence with the execution of the first Construction Contract for the specific Project or any part thereof and will terminate upon written recommendation by Engineer for final payment to Contractors. If the specific Project involves more than one prime contract as indicated in Paragraph 2.B.3, then Construction Phase services may be rendered at different times in respect to the separate contracts.

E. *Post-Construction Phase*

1. Engineer shall:
  - a. Together with Owner, visit the Project to observe any apparent defects in the Work, make recommendations as to replacement or correction of defective Work, if any, or the need to repair of any damage to the Site or adjacent areas, and assist Owner in consultations and discussions with Contractor concerning correction of any such defective Work and any needed repairs.
  - b. Together with Owner, visit the Project within one month before the end of the Construction Contract's correction period to ascertain whether any portion of the Work or the repair of any damage to the Site or adjacent areas is defective and therefore subject to correction by Contractor.
2. The Post-Construction Phase services may commence during the Construction Phase and, if not otherwise modified, will terminate twelve months after the commencement of the Construction Contract's correction period.

## F. *Commissioning Phase*

1. Engineer shall:
  - a. Assist Owner in connection with the adjusting of Specific Project equipment and systems.
  - b. Assist Owner in training Owner's staff to operate and maintain Specific Project equipment and systems.
  - c. Prepare operation and maintenance manuals.
  - d. Assist Owner in developing procedures for (a) control of the operation and maintenance of Specific Project equipment and systems, and (b) related record-keeping.
2. Prepare and furnish to Owner Record Drawings showing appropriate record information based on Project annotated record documents received from Contractor. Record Drawings shall include significant changes made during construction along with survey ("gps") points on significant surface infrastructure features including manholes, catch basins, curb stops, valves, hydrants, and street lights. Record Drawings will be supplied in DWG and PDF format and survey ("gps") points will be supplied in CSV format.

### **3. Additional Services**

Additional Services authorized or necessary under this Task Order are:

#### A. *Additional Design Related Services*

1. Scoping Phase – Add to the previous TO 16 additional work that was required to complete the work as described in the Scoping Phase of TO 16.
2. Consultant Design Services – Communication with a structural engineer and coordinating their efforts to analyze the proposed design to verify that the proposed section is adequate and this also includes the cost of the structural engineering as a sub-consultant within this contract.
3. Public Outreach and Communication Phase 601 – This work consists of preparing for a potential public meeting and also writing a letter from the Owner to send out to affected property owners.
4. Permitting Administration – Coordination and communication with SE Cass County Watershed Board and attending meetings as necessary to obtain their permission to construct the concrete path on their property.
5. Funding Administration – Updating the CIP with the anticipated costs associated with this project.

#### B. *Commissioning Phase Additional Services*

1. Additional Record Drawings – Prepare and furnish to Owner GIS shapfiles showing appropriate record information based on Project annotated record documents received from Contractor. GIS shapefiles shall include survey ("gps") points on significant surface infrastructure features including manholes, catch basins, curb stops, valves, hydrants, and street lights. GIS shapefiles will be supplied to City for use within their webmap.

### **4. City's Responsibilities**

City shall have those responsibilities as follows:

- A. City shall make decisions and carry out its other responsibilities in a timely manner and shall bear all costs incident thereto so as not to unreasonably delay or interfere with the services of MEI
- B. City shall be responsible for, and MEI may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by City to MEI pursuant to this Agreement. MEI may use such requirements, reports, data, and information in performing or furnishing services under this Agreement. Nothing in this paragraph shall be construed to require MEI to affirmatively determine the accuracy of information that is prepared for City by other licensed professionals (including, but not limited to, land surveyors, geotechnical engineers, accountants, insurance and surety professionals, and attorneys) who are not engaged directly by MEI.
- C. City shall provide for MEI's right to enter the property owned by City and/or others in order for MEI to fulfill its services.

**5. Task Order Schedule**

In addition to any schedule provisions provided elsewhere, the parties shall meet the following schedule:

- A. The services covered by this Task Order will terminate twelve months after the commencement of the Construction Contract's correction period

**6. Payments to Engineer**

- A. City shall pay Engineer for services rendered under this Task Order as follows:

Previously Approved Tasks	TO No.	Current Budget (\$)
110 - Scoping Phase	16	\$8,300
120 - NDDOT Correspondence	16	\$2,500
340 - Topographical and Boundary Survey	16 & 16-1	\$22,000
605 - Environmental Services	16-1	\$5,000
<b>Previous Task Order Subtotal</b>		<b>\$37,800</b>

*12.5  
4.2.20*

- i. Compensation for services outlined in Section 3 shall be on a Time and Material basis in accordance with the Standard Hourly Rates shown in Exhibit B of the Agreement.

Current Task Order 16-2 Tasks	Budget (\$)	Maximum Fee (\$)
110 – Scoping Phase (In addition to previous Scoping)	\$1,800	
600 - Consultant Design Services	\$8,000	
601 – Public Outreach and Communication	\$1,250	
650 – Permitting Administration	\$3,000	

Current Task Order 16-2 Tasks	Budget (\$)	Maximum Fee (\$)
660 – Funding Administration	\$800	
661 – Additional Record Drawings	\$1,200	
<b>Task Order 16-2 Subtotal</b>	<b>\$16,050</b>	<b>\$16,200</b>

*KS*  
4-2-20

- ii. Compensation for services outlined in the Preliminary Design, Final Design, Bidding or Negotiation, Construction, Post-Construction, and Commissioning Phases shall be made according the following table.

Project Type	Preliminary Design, Final Design, Bidding or Negotiation Phases (% of Final Construction Contract Value plus value of any alternates designed but not constructed)	Construction, Post-Construction, and Commissioning Phases (% of Final Construction Contract Value)
<b>Projects designed and constructed in accordance with NDDOT requirements</b>	6%	6%
Estimated Value of Final Construction Contract		\$580,000
Estimated Compensation based on 12% of Construction		\$69,600

*KS*  
4-2-20

- iii. Compensation for services referenced in 6.A.i (Additional Services) and 6.A.ii (Basic Services) are summarized in the following table.

Total Project Task Orders to Date	Budget (\$)	Maximum Fee (\$)
110 - Scoping Phase	\$10,100	
120 - NDDOT Correspondence	\$2,500	
340 - Topographical and Boundary Survey	\$22,000	
600 – Consultant Design Services	\$8,000	
601 – Public Outreach and Communication	\$1,250	
605 - Environmental Services	\$5,000	
650 – Permitting Administration	\$3,000	
660 – Funding Administration	\$800	
661 – Additional Record Drawings	\$1,200	
<b>Additional Services Subtotal</b>	<b>\$53,550</b>	
<b>Estimated Compensation based on 12% of Construction</b>	<b>\$69,600</b>	
<b>TOTAL ESTIMATED COMPENSATION UNDER ALL TASK ORDERS</b>	<b>\$123,150</b>	<b>\$123,500</b>

*KS*  
4-2-20

B. The terms of payment are set forth in Article 4 of the Agreement.

**7. Consultants retained as of the Effective Date of the Task Order:**

a. Heyer Engineering for structural analysis of the concrete section needed.

**8. Other Modifications to Agreement and Exhibits: None.**

**9. Attachments: None.**

**10. Other Documents Incorporated by Reference: None.**

**11. Terms and Conditions**

Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by City.

The Effective Date of this Task Order No. 16-2 is March 31, 2020.

OWNER:

ENGINEER:

By: Tina Fisk

By: \_\_\_\_\_

Print Name: Tina Fisk

Print Name: Lee Beauvais

Title: City Administrator

Title: Vice President

Engineer License or Firm's Certificate No. (if required): 011C  
State of: North Dakota

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: Tina Fisk

Name: Daniel R. Hanson, PE

Title: City Administrator

Title: Senior Project Manager

Address: 800 4<sup>th</sup> Ave E. West Fargo, ND 58078

Address: 925 10<sup>th</sup> Ave E. Suite #1, West Fargo, ND

E-Mail Address: Tina.Fisk@westfargond.gov

E-Mail Address: dan.hanson@mooreengineeringinc.com

Phone: (701)433-5301

Phone: (701)282-4692

**Exhibit A.1**



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**NOTICE OF ACCEPTABILITY OF WORK**

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SPECIFIC PROJECT:

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OWNER:

OWNER'S CONSTRUCTION CONTRACT IDENTIFICATION:

EFFECTIVE DATE OF THE CONSTRUCTION CONTRACT:

ENGINEER:

**NOTICE DATE:**

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To: \_\_\_\_\_  
OWNER

And To: \_\_\_\_\_  
CONTRACTOR

From: \_\_\_\_\_  
ENGINEER

---

The Engineer hereby gives notice to the above Owner and Contractor that Engineer has recommended final payment of Contractor, and that the Work furnished and performed by Contractor under the above Construction Contract is acceptable, expressly subject to the provisions of the related Contract Documents, the Agreement between Owner and Engineer for Professional Services dated \_\_\_\_\_, \_\_\_\_\_, and the following terms and conditions of this Notice.

Exhibit A.1 cont'd

**CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK**

The Notice of Acceptability of Work ("Notice") is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. This Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.
2. This Notice reflects and is an expression of the professional judgment of Engineer.
3. This Notice is given as to the best of Engineer's knowledge, information, and belief as of the Notice Date.
4. This Notice is based entirely on and expressly limited by the scope of services Engineer has been employed by Owner to perform or furnish during construction of the Specific Project (including observation of the Contractor's work) under Engineer's Agreement with Owner, and applies only to facts that are within Engineer's knowledge or could reasonably have been ascertained by Engineer as a result of carrying out the responsibilities specifically assigned to Engineer under such Agreement.
5. This Notice is not a guarantee or warranty of Contractor's performance under the Construction Contract, an acceptance of Work that is not in accordance with the related Contract Documents, including but not limited to defective Work discovered after final inspection, nor an assumption of responsibility for any failure of Contractor to furnish and perform the Work thereunder in accordance with the Construction Contract Documents, or to otherwise comply with the Construction Contract Documents or the terms of any special guarantees specified therein.
6. This Notice does not relieve Contractor of any surviving obligations under the Construction Contract, and is subject to Owner's reservations of rights with respect to completion and final payment.

By: \_\_\_\_\_  
\_\_\_\_\_

Title: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_  
\_\_\_\_\_



Dustin T. Scott - City Engineer  
Jerry Wallace – Civil Engineer  
Andrew Wrucke – Transportation Engineer  
Kayla Volness – Engineering Office Manager

Engineering Department  
800 4<sup>th</sup> Ave E  
West Fargo, ND 58078  
701-433-5430  
[www.westfargond.gov](http://www.westfargond.gov)

**AGENDA ITEM REQUEST**  
*BOARD OF CITY COMMISSIONERS*  
*WEST FARGO, NORTH DAKOTA*

**OFFICE USE:**  
**AGENDA ITEM #**   6  

\*\* "Consent" or "Regular" Agenda Item? **Regular** \*\*

1. CONTACT PERSON(s):
  - Dustin T. Scott, City Engineer (433-5425)
  - Matt Andvik, Public Works Director (433-5402)
  
2. DATE OF MEETING:
  - **April 20, 2020**
  
3. DESCRIPTION OF REQUEST:
  - Spring Flood Update
  
4. LOCATION (address; legal; etc.):
  - N/A
  
5. ACTION(s) REQUESTED:
  - None

ADDITIONAL INFORMATION: