

NEW ISSUE
NON Bank Qualified

RATING: Moody's "A1"
See "Rating" herein

This Document does not constitute an offer to sell the Bonds in any State or other jurisdiction to any person to whom it is unlawful to make such offer in such State or jurisdiction. No dealer, salesperson, or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Bonds, and if given or made, such information or representation must not be relied upon.

NEAR FINAL OFFICIAL STATEMENT AND NOTICE OF SALE

**CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA**

\$24,470,000* Refunding Improvement Bonds of 2015, Series B

Bonds Dated: December 30, 2015
Minimum Bid: \$24,225,300.00

Principal Due: May 1, as shown below
Good Faith Deposit: \$269,170.00
Required of Purchaser Only

The Bonds will be in fully registered form in the denominations of \$5,000 or any whole multiple thereof. Interest will be payable on May 1 and November 1, commencing May 1, 2016. The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "Book-Entry-Only System" herein.) Starion Bond Services of Bismarck, North Dakota will serve as registrar. *[The City of West Fargo reserves the right to adjust the issue size after bid opening by 10% in total and 10% per maturity.]*

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Maturity</u>	<u>Principal Amount*</u>
2017	\$ 825,000	2029	1,040,000
2018	1,050,000	2030	1,040,000
2019	1,050,000	2031	1,040,000
2020	1,050,000	2032	1,000,000
2021	1,050,000	2033	1,000,000
2022	1,050,000	2034	1,000,000
2023	1,050,000	2035	1,000,000
2024	1,045,000	2036	1,000,000
2025	1,045,000	2037	1,000,000
2026	1,045,000	2038	1,000,000
2027	1,045,000	2039	1,000,000
2028	1,045,000	2040	1,000,000

**Bidders may aggregate all or a portion of the Refunding Improvement Bonds of 2015, Series B, maturing in the years 2016-2040 into any combination of Term Bonds, subject to mandatory sinking fund redemptions in accordance with the above schedule.*

Bonds maturing in 2024 and thereafter shall be subject to redemption and prepayment, at the option of the City, on May 1, 2023, and any date thereafter, at par plus accrued interest.

In the opinion of Ohnstad Twichell, P.C, Bond Counsel, the interest to be paid on the Bonds will not be includable in gross income of the recipient for United States or North Dakota income tax purposes. Interest on the Bonds will not be treated as a preference item in calculating the federal alternative minimum taxable income of individuals and corporations (see Tax-Exemption herein). The Bonds will NOT be designated as "qualified tax- exempt obligations" under Section 265 (b)(3) of the Internal Revenue Code of 1986.

BID OPENING: MONDAY, DECEMBER 7, 2015
10:30 A.M. CDT

BID AWARD: MONDAY, DECEMBER 7, 2015
5:30 P.M. CDT

DOUGHERTY & COMPANY LLC

120 N 3rd Street
Bismarck, North Dakota 58501
Telephone-701/222-1616
Fax -701/222-4455

*Subject to change

TABLE OF CONTENTS

<p>OFFICIAL STATEMENT COPIES III</p> <p>SUMMARY IV</p> <p>NOTICE OF SALE VII</p> <p>THE BONDS 1</p> <p style="padding-left: 20px;">Legal Opinion 1</p> <p style="padding-left: 20px;">Date of Record 1</p> <p style="padding-left: 20px;">[Bond Insurance at Purchaser's Option 2</p> <p style="padding-left: 20px;">Optional Redemption 2</p> <p style="padding-left: 20px;">[Mandatory Sinking Fund Redemption 2</p> <p style="padding-left: 20px;">[Original Issue Premium 2</p> <p style="padding-left: 20px;">[Original Issue Discount 3</p> <p style="padding-left: 20px;">Book-Entry-Only System 3</p> <p style="padding-left: 20px;">Security for the Bonds 6</p> <p>INVESTMENT CONSIDERATIONS 6</p> <p style="padding-left: 20px;">Obligations of the City 6</p> <p style="padding-left: 20px;">Construction Fund 8</p> <p style="padding-left: 20px;">Bond Fund 8</p> <p style="padding-left: 20px;">Legislative Proposals 8</p> <p style="padding-left: 20px;">Tax-Exemption 9</p> <p style="padding-left: 20px;">Financial Advisor 9</p> <p style="padding-left: 20px;">Underwriting 9</p> <p style="padding-left: 20px;">Rating 10</p> <p style="padding-left: 20px;">Bank Qualified Obligation 10</p> <p style="padding-left: 20px;">Purpose 10</p> <p style="padding-left: 20px;">Authority 12</p> <p style="padding-left: 20px;">Enforceability Of Obligations 12</p> <p style="padding-left: 20px;">Registrar/Paying Agent 12</p> <p>CONTINUING DISCLOSURE 12</p> <p>MISCELLANEOUS 13</p> <p style="padding-left: 20px;">Future Financing 13</p> <p style="padding-left: 20px;">Litigation 13</p> <p style="padding-left: 20px;">Source Of Information: 13</p> <p>BONDHOLDERS' RISKS 14</p> <p>APPENDIX A – CITY OF WEST FARGO, NORTH DAKOTA A-1</p>	<p>General Information A-1</p> <p>Governmental Organization and Services A-1</p> <p>Population Statistics A-1</p> <p>Cass County Residential Building Permits A-2</p> <p>Unemployment Figures A-2</p> <p>2015 Unemployment Figures A-2</p> <p>Employment Wage Statistics A-2</p> <p>Income Total A-3</p> <p>Largest Employers A-3</p> <p>Industry Employment Distribution A-3</p> <p>Crop Production A-4</p> <p>Livestock Population A-4</p> <p>Taxable Sales and Purchases A-5</p> <p>2015 Taxable Sales and Purchases A-5</p> <p>VALUATIONS A-5</p> <p style="padding-left: 20px;">Trends in Valuations A-5</p> <p>BONDED DEBT A-6</p> <p style="padding-left: 20px;">General Obligation Debt: A-6</p> <p style="padding-left: 20px;">Revenue Bonds: A-6</p> <p style="padding-left: 20px;">Special Assessment Bonds: A-7</p> <p style="padding-left: 20px;">Outstanding Debt as of December 7, 2015 A-8</p> <p>OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS A-8</p> <p style="padding-left: 20px;">Direct Debt Per Capita A-9</p> <p>TAX INFORMATION A-9</p> <p style="padding-left: 20px;">Tax Levies and Collections A-9</p> <p style="padding-left: 20px;">Largest Property Taxpayers A-9</p> <p style="padding-left: 20px;">West Fargo Mill Levies A-10</p> <p style="padding-left: 20px;">Levy Summary A-10</p> <p>FUNDS ON HAND A-10</p> <p>APPENDIX B – AUDITED FINANCIAL REPORT-DECEMBER 31, 2014 B-1</p> <p>APPENDIX C – CONTINUING DISCLOSURE CERTIFICATE C-1</p> <p>APPENDIX D – BOND OPINION D-1</p> <p>APPENDIX E – OFFICIAL BID FORM E-1</p>
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NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE BONDS, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE CITY, DTC AND CERTAIN OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE.

IN CONNECTION WITH THIS OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT THAT ARE NOT HISTORICAL INFORMATION ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS. THE FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE STATEMENTS.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON A SPECIFIC EXEMPTION CONTAINED IN SUCH ACT, NOR HAVE THEY BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

OFFICIAL STATEMENT COPIES

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document and any addendum or addenda attached hereto prior to the sale of the Bonds to a successful bidder, shall constitute the "Near Final Official Statement."

The Near Final Official Statement, when amended to reflect the actual amount of the Bonds sold, the interest rates specified by the successful bidder and the price or yield at which the successful bidder will reoffer the Bonds to the public, together with any other information required by law, will constitute a "Final Official Statement" with respect to the Bonds as that term is defined in Rule 15c-2-12.

Underwriters may obtain a copy of the Near Final Official Statement by request to the City's Financial Advisor prior to the bid opening. The successful bidder (Syndicate Manager) will be provided with Electronic copies of the Final Official Statement within seven business days of the bid acceptance.

The City shall designate the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter executing the delivering of an Official Bid Form with respect to the Bond agrees thereby that if its bid is accepted by the City (i) it shall accept the designation of senior managing underwriter and (ii) it shall enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

SUMMARY

The following is a summary of certain information discussed in this Official Statement. Capitalized terms used herein are defined in the text hereof. This summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Official Statement.

The Bonds

The City of West Fargo, North Dakota (the “City”), is issuing its Refunding Improvement Bonds, Series 2015, Series B (the “Bonds”), in the original aggregate principal amount of \$24,470,000 *. The City is authorized to issue the Bonds under the provisions of Chapters 40-24 and 40-27 and related chapters, as amended, of the North Dakota Century Code (the “Act”). The Bonds shall be dated as of December 30, 2015, and will be issued as fully registered bonds without coupons in book-entry only form in denominations equal to the entire amount maturing on a given date, but individual purchases of the Bonds may be made in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof of a single maturity. See “THE BONDS” in this Official Statement.

The City

The City operates under the Commission form of government with four Commissioners and a President elected to four year terms. Each Commissioner is elected at-large. See “THE CITY” and “APPENDIX A – GENERAL INFORMATION ABOUT THE CITY” in this Official Statement.

Use of Proceeds

Proceeds derived from the sale of the Bonds will be used by the City to: (i) finance certain improvements in the City; (ii) funding capitalized interest; and (iii) pay costs of issuance for the bonds. The Bonds will finance improvements in the Water and Street Improvement Districts (1266, 1271, 1278, 1281, 1282, 1285, 1286) and the Street Improvement Districts (2219, 2232, 2236, 2237 and 2238). The above mentioned Districts will be collectively referred to as, the “Districts”. The Bonds will be valid and binding obligations of the City in accordance with their terms. See “PLAN OF FINANCE AND SOURCES AND USES OF FUNDS” and “SECURITY FOR THE BONDS” in this Official Statement.

Security for the Bonds

The Bonds are payable from certain special improvement warrants of the City (the “Warrants”) which were issued for the purpose of paying the costs of improvements in the City. Such Warrants are payable from special assessments levied against benefited properties in the Districts. **Whenever all special assessments appropriated and theretofore collected for any improvement are insufficient to pay principal and interest then due on the Warrants issued with respect thereto, the City is required by law to levy a tax upon all taxable property in the corporate limits of the City for the payment of such deficiency.** In its discretion, the City is authorized to levy a similar tax whenever such a deficiency is likely to occur within one year, which deficiency levies are not subject to any limitation as to rate or amount. See “SECURITY FOR THE BONDS” in this Official Statement.

Existing Special Assessment Bonds

The City has previously issued Refunding Improvement Bonds (the “Outstanding Special Assessment Bonds”), secured by certain special improvement warrants of the City which are payable from special assessments levied against benefited properties in the City, in the currently outstanding principal amount of \$189,805,000. The Outstanding Special Assessment Bonds are secured by and payable from warrants levied against the City, payable from special assessments levied against benefited properties in the City. See “SECURITY FOR THE BONDS – Outstanding Special Assessment Bonds” in this Official Statement.

Book-Entry System

The Bonds will be fully registered as to principal and interest in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). Subject to certain exceptions described herein all purchases, sales or other transfers of beneficial ownership in the Bonds are to be made by book-entry only, and no owner will receive, hold or deliver any certificates as long as the depository or any successor securities depository is the registered owner of the Bonds. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

Investment Considerations

Payment of the principal of and interest on the Bonds are payable primarily from special assessments. **Whenever all special assessments appropriated and theretofore collected for any improvement are insufficient to pay principal and interest then due on the Warrants, the City is required by law to levy a tax upon all taxable property in the corporate limits of the City for the payment of such deficiency.** The Bonds are also subject to certain other investment considerations, including those discussed herein under the heading “INVESTMENT CONSIDERATIONS” in this Official Statement.

Interest and Principal Payments

Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2016* (each an “Interest Payment Date”). Principal on the Bonds is payable annually on each May 1, commencing May 1, 2017* (each a “Principal Payment Date”). Interest on the Bonds will be payable to the registered owner as of the close of business on the fifteenth (15th) day of the month immediately preceding a Payment Date by check or draft mailed by the Paying Agent, as more fully described in this Official Statement. The payment of principal of and interest on the Bonds will be payable as more fully described on the inside front cover of this Official Statement and under “THE BONDS” in this Official Statement.

Optional Redemption

The Bonds maturing on or after May 1, 2024* are subject to optional redemption by the City on May 1, 2023*, and on any date thereafter, at a price equal to the principal amount plus accrued interest to the date of redemption. See “THE BONDS” in this Official Statement.

Tax Status

The City has covenanted to comply with requirements necessary under the Internal Revenue Code of 1986, as amended (the “Code”), to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States. See “TAX EXEMPTION” and “APPENDIX D – FORM OF BOND COUNSEL OPINION” in this Official Statement.

Continuing Disclosure

The City will enter into an agreement to make certain secondary market disclosure pertaining to the Bonds. See “CONTINUING DISCLOSURE” and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” in this Official Statement.

Legal Counsel

Certain legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Ohnstad Twichell, P.C., West Fargo, North Dakota, Bond Counsel to the City.

Financial Advisor Dougherty & Company, Bismarck, North Dakota is acting as financial advisor to the City with respect to the sale of the Bonds. See “FINANCIAL ADVISOR” in this Official Statement.

Registrar and Paying Agent Starion Bond Services, 2900 North Washington Street, Bismarck, North Dakota 58503.

Rating: “A1” Moody’s Investors Service

Bank Qualification: The Bonds will *NOT* be designated as "qualified tax-exempt obligations."

Security: In the opinion of Bond Counsel, said Bonds will be valid and binding obligations of the City in accordance with their terms. Said Bonds are payable from warrants held in trust for the bondholders, which warrants are in turn payable from special assessments levied against benefited properties and any taxes or other revenues levied for that purpose. In the event special assessments are insufficient to meet principal and interest payments on the warrants, the governing body is required to levy a general tax upon all taxable property within the City for the payment of the deficiency, and may levy such tax whenever a deficiency is anticipated to occur within one year. Such tax is to be levied at the time and in the manner provided in Section 40-26-08 of the North Dakota Century Code, as amended, and may be levied without limitation as to rate or amount.

2015 Property Values:

Full and True Value (100%)	\$ 2,444,910,300
Assessed Value (50%)	\$ 1,222,455,150
Taxable Value	\$ 113,738,389

Total Direct General Obligation Debt:	<i>As of 12/31/2015</i>	\$ 7,105,000
Total Special Assessment Debt including this issue:		213,525,000
Total Revenue Bonded Debt:		16,580,000
Overlapping G.O. Tax Supported Bonded Debt:		<u>45,056,041</u>
Total of outstanding Debt listed:		\$282,266,041

Population: 31,771 (2014 Estimate)

	<u>Per Capita Debt</u>
Net Direct G.O. Debt	\$ 223.63
Net Special Assessment Debt	6,720.75
Overlapping G.O. Debt	<u>1,418.15</u>
Total	\$8,362.53

PROFESSIONAL SERVICES

<u>Bond Counsel</u>	<u>Financial Advisor</u>
Ohnstad Twichell PC P.O. Box 458 West Fargo, ND 58078-0458 701/282-3249	Dougherty & Company LLC P.O. Box 2157 Bismarck, North Dakota 58502 701/222-1616
<u>City Official</u>	<u>Underwriter</u>
Tina Fisk, City Administrator City of Wells Fargo 800 4th Avenue East West Fargo, ND 58078	

NOTICE OF SALE

**\$24,470,000* REFUNDING IMPROVEMENT BONDS OF 2015, SERIES B
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA
(Book Entry Only)**

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Proposals will be opened by the City's Auditor, or designee, on Monday, December 7, 2015, at 10:30 AM CDT, at the offices of Dougherty & Company LLC, 120 North 3rd Street, Bismarck, ND 58501. Consideration of the Proposals for award of the sale will be by the City Commission at its meeting at 800 Fourth Avenue East, West Fargo, ND beginning Monday, December 7, 2015 at 5:30 PM CDT.

SUBMISSION OF PROPOSALS

Neither the City nor Dougherty & Company LLC will assume any liability for the inability of the bidder to reach Dougherty & Company LLC prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(1) *Telephone Bidding.*

Telephone Dougherty & Company LLC at (701) 222-1616.

OR

(2) *Submit Electronically.*

Notice is hereby given that electronic bids will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of this Notice of Bond Sale (the "Notice").* The City, its agents and PARITY® shall not have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and the City, its agents and PARITY® shall not be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any - damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Notice conflict with information provided by PARITY®, this Notice shall control. Further information about PARITY®, including any fee charged, may be obtained from: PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Customer Support, (212) 849-5000.

Neither the City nor Dougherty & Company LLC assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

**Preliminary, Subject to Change*

BOOK-ENTRY SYSTEM

The Bonds will be issued by means of a book-entry system with no physical distribution of bond made to the public. The Bonds will be issued in fully registered form and one bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the City through Starion Bond Services, 2900 North Washington Street, Bismarck ND 58503 (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC. The City will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

DATE OF ORIGINAL ISSUE OF BONDS

Dated: December 30, 2015

AUTHORITY/SECURITY

The Bonds are issued pursuant to the terms and provisions of the North Dakota Century Code, Chapters 40-22, 40-27, and related chapters, as amended. In the opinion of Bond Counsel, said Bonds will be valid and binding obligations of the City in accordance with their terms. Said Bonds are payable from warrants held in trust for the bondholders, which warrants are in turn payable from special assessments levied against benefited properties and any taxes or other revenues levied for that purpose. In the event special assessments are insufficient to meet principal and interest payments on the warrants, the governing body is required to levy a general tax upon all taxable property within the City for the payment of the deficiency, and may levy such tax whenever a deficiency is anticipated to occur within one year. Such tax is to be levied at the time and in the manner provided in Section 40-26-08 of the North Dakota Century Code, as amended, and may be levied without limitation as to rate or amount.

INTEREST PAYMENTS

Interest is due semiannually on each May 1 and November 1 commencing May 1, 2016 to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding such interest payment date.

DATE, MATURITIES, AND REDEMPTION

The Bonds will be dated December 30, 2015, will be fully registered Bonds in the denomination of \$5,000 each. Principal is due annually on May 1, inclusive, in each of the years and amounts as follows:

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Maturity</u>	<u>Principal Amount*</u>
2017	\$ 825,000	2029	1,040,000
2018	1,050,000	2030	1,040,000
2019	1,050,000	2031	1,040,000
2020	1,050,000	2032	1,000,000
2021	1,050,000	2033	1,000,000
2022	1,050,000	2034	1,000,000
2023	1,050,000	2035	1,000,000
2024	1,045,000	2036	1,000,000
2025	1,045,000	2037	1,000,000
2026	1,045,000	2038	1,000,000
2027	1,045,000	2039	1,000,000
2028	1,045,000	2040	1,000,000

**Preliminary, Subject to Change*

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

INTEREST RATES

Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 3% in rate.

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the City and shall be at the sole discretion of the City. The successful bidder may not withdraw or modify its Proposal once submitted to the City for any reason, including post sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder. *[The City of West Fargo reserves the right to adjust the issue size after bid opening by 10% in total and 10% per maturity.]*

OPTIONAL REDEMPTION

The Bonds maturing on May 1, 2024 and thereafter, are subject to redemption and prepayment at the option of the City on May 1, 2023 and any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Notice of redemption shall be given by registered mail to the registered owner of the Bonds not less than 30 days prior to such redemption date.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau **charge for the assignment of CUSIP** identification numbers **shall be paid by the successful bidder**.

DELIVERY

Delivery of the Bonds will be expected on December 30, 2015, subject to an approving legal opinion by Ohnstad Twichell, P.C., P.O. Box 458, West Fargo, North Dakota. The legal opinion will be paid by the City and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

TYPE OF PROPOSAL

Proposals of not less than \$24,225,300.00 (99.00%) [plus accrued interest from the date of the Bonds to the date of delivery] on the principal sum of \$24,470,000* must be filed with the undersigned prior to the time specified above. Proposals must be unconditional except as to legality.

GOOD FAITH DEPOSIT

A good faith deposit in the amount one and one tenth percent (1.1%) of the final aggregate par amount of the Bonds is required of the **lowest bidder only**. The lowest bidder for the Bonds is required to submit such deposit in the form of a wire transfer as instructed by Dougherty & Company LLC not later than **2:00 P.M. Central Daylight Time** on the day of the sale of the Bonds. If the Deposit is not so received, the bid of the lowest bidder will be rejected and the City may direct the next lowest bidder to submit a Deposit and thereafter may award the sale of the Bonds to the same. No interest on a Deposit will accrue to the successful bidder (the "Purchaser"). Deposits will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, the Deposit will be retained by the City.

Good Faith Requirement

\$24,470,000* Refunding Improvement Bonds of 2015, Series B -- \$269,170.00

Required of the lowest bidder only

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the City determines to have failed to comply with the terms herein.

INFORMATION FROM SUCCESSFUL BIDDER

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

OFFICIAL STATEMENT

The City has prepared a Near Final Official Statement dated November ____, 2015, which the City deems to be a preliminary or “near-final” Official Statement as that term is defined in Rule 15c2-12 of the Rule. The Official Statement is available electronically through the I-deal website (www.i-dealprospectus.com) and to prospective proposers who request copies from the Financial Advisor, Dougherty & Company LLC. To reach Dougherty & Company by phone, (701) 222-1616 or by fax, (701) 222-4455.

The Near Final Official Statement, when amended to reflect the actual amount of the Bonds sold, the interest rates specified by the successful bidder and the price or yield at which the successful bidder will reoffer the Bonds to the public, together with any other information required by law, will constitute a “Final Official Statement” with respect to the Bonds as that term is defined in Rule 15c-2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

CONTINUING DISCLOSURE UNDERTAKING

The City will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the City, and notices of certain material events, as required by SEC Rule 15c2-12.

BOND INSURANCE AT UNDERWRITER’S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The City reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: _____

BY ORDER OF THE CITY OF WEST FARGO, ND

/s Tina M. Fisk
City Administrator

Additional information may be obtained from:

Dougherty & Company LLC
120 North 3rd Street, Bismarck, ND 58501
Phone: (701) 222-1616

**CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA**

\$24,470,000* Refunding Improvement Bonds of 2015, Series B

THE BONDS

Bonds Dated: December 30, 2015

Principal Due: May 1, as below

Bonds will be available in fully registered form in the denominations of \$5,000 or any whole multiple thereof. Interest is payable each May 1 and November 1, commencing May 1, 2017.

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Maturity</u>	<u>Principal Amount*</u>
2017	\$ 825,000	2029	1,040,000
2018	1,050,000	2030	1,040,000
2019	1,050,000	2031	1,040,000
2020	1,050,000	2032	1,000,000
2021	1,050,000	2033	1,000,000
2022	1,050,000	2034	1,000,000
2023	1,050,000	2035	1,000,000
2024	1,045,000	2036	1,000,000
2025	1,045,000	2037	1,000,000
2026	1,045,000	2038	1,000,000
2027	1,045,000	2039	1,000,000
2028	1,045,000	2040	1,000,000

**Bidders may aggregate all or a portion of the Refunding Improvement Bonds of 2015, Series B, maturing in the years 2017-2040 into any combination of Term Bonds, subject to mandatory sinking fund redemptions in accordance with the above schedule.*

Bonds maturing in 2024 and thereafter shall be subject to redemption and prepayment, at the option of the City, on May 1, 2023 and any date thereafter, at par plus accrued interest. The Publication Date for a conventional municipal bond shall be no fewer than 30 calendar days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow, and, in such cases, final notification must be received no later than 30 calendar days prior to the refunding date. (A conventional municipal bond is defined as a bond without any derivatives attached to it and no inherent features that would prevent a redemption announcement from being provided in a timely manner.)

Legal Opinion

Ohnstad Twichell, P.C, Attorneys at Law, West Fargo, North Dakota.

Date of Record

Interest on the Bonds is payable on May and November 1 in each year, commencing May 1, 2016, to the holder of record on the close of the 15th day (whether or not a business day) of the immediately preceding month, all subject to the redemption of the principal of the Bonds before maturity. The interest on the Bonds and, upon presentation and surrender of the Bonds, the principal

of the Bonds are payable in lawful money of the United States of America by check or draft by Starion Bond Services as Paying Agent, or its successor.

[Bond Insurance at Purchaser's Option

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City of West Fargo has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.]

Optional Redemption

Bonds maturing on or after May 1, 2024 shall be subject to redemption and prepayment at the option of the City on May 1, 2023, or on any date thereafter, at par, plus accrued interest to the date of redemption. Such Bonds are redeemable in whole or in part, in any order of maturity as requested by the City and by lot within each maturity.

[Mandatory Sinking Fund Redemption

The 20__ Term Bonds are subject to mandatory sinking fund redemption, by lot, or other method of random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on April 1, in the years and in the amounts as follows:

Redemption Date	Principal
<u>May 1</u>	<u>Amount</u>
20__	\$
20__ (maturity)	\$

The 20__ Term Bonds are subject to mandatory sinking fund redemption, by lot, or other method of random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

Redemption Date	Principal
<u>May 1</u>	<u>Amount</u>
20__	\$
20__ (maturity)	\$

[Original Issue Premium

The Bonds maturing in the years ____-____, inclusive, are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bond holders who acquire Bonds at a premium must, from time to time, reduce their federal and state tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal and state income and franchise tax purposes on the

basis of a Bond holder's constant yield to maturity or to certain call dates with semiannual compounding. Bond holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal or state income tax purposes. Bond holders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Bonds acquired at a premium.]

[Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") are being sold at a discount from the principal amount payable on such Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under Section 1288 of the Code is excluded from gross income for federal income tax purposes to the same extent that stated interest on such Discount Bonds would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under Section 1288 is added to the owner's tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under Section 1288 pursuant to a constant yield method that reflects semiannual compounding on days that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bond (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bond, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bond the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is to be apportioned in equal amounts among the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of (1) the Issue Price, plus (2) accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond.

No opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law. Holders of Discount Bonds should consult their tax advisors for advice with respect to the state and local tax consequences of owning Discount Bonds.]

Book-Entry-Only System

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one obligation, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York,

which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

The information contained in the following paragraphs of this section “Book-Entry Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The City makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (“Direct Participants”). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Bonds with DTC and their

registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC or Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City and disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE CITY, ANY BORROWER, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (5) THE

SELECTION BY DTC, ANY DTC PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

Security for the Bonds

The Bonds are a binding obligations of the City in accordance with their terms. The Bonds are payable from warrants held in trust for the bondholders, which warrants are in turn payable from special assessments levied against benefited properties and any taxes or other revenues levied for that purpose. In the event special assessments are insufficient to meet principal and interest payments on the warrants, the governing body is required to levy a general tax upon all taxable property within the City for the payment of the deficiency, and may levy such tax whenever a deficiency is anticipated to occur within one year. Such tax is to be levied at the time and in the manner provided in Section 40-26-08 of the North Dakota Century Code, as amended, and may be levied without limitation as to rate or amount.

INVESTMENT CONSIDERATIONS

The following is a discussion of certain considerations that could affect payments to be made with respect to the Bonds. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments.

Obligations of the City

The Bonds are obligations payable primarily from the collection of special assessments levied against property benefited by the Improvements. In the event that special assessments are insufficient to pay principal and interest due the Warrants, the City is required by state law to levy a tax upon all taxable property in the corporate limits of the City for the payment of such deficiency. In its discretion, the City is also authorized to levy a similar tax on all property within its corporate limits whenever such a deficiency is likely to occur within one year. Such deficiency levies are not subject to any limitation as to rate or amount.

Maintenance of Credit Rating

The Bonds will be rated as to their creditworthiness by Moody's Investors Service, Inc., a Moody's business (the "Rating Agency") based upon the credit rating of the City. No assurance can be given that the Bonds will maintain their original rating from the Rating Agency. If the rating on the Bonds decreases, the Bonds may lack liquidity in the secondary market in comparison to other municipal bonds. Adverse developments with respect to the financial condition of the Issuer may have an unfavorable effect upon a holder's ability to sell the holder's Bonds or the bid and ask prices for the Bonds. See "RATING" in this Official Statement.

IRS Tax-Exempt Bond Compliance Program

The IRS has established a Tax-Exempt and Government Entities Division (the "TE/GE Division"). The TE/GE Division has a subdivision that is specifically devoted to tax-exempt obligations compliance. The Internal Revenue Service has an active program of conducting examinations of tax-exempt obligations, such as the Bonds. In recent years, the number of IRS tax-exempt obligation examinations has increased, and public statements made by individual IRS officials indicate that the number of IRS examinations of tax-exempt obligations, including issues such as the Bonds, may continue

to increase in the future. IRS officials have recently indicated that more resources will be invested in audits of tax-exempt obligations. The Bonds may be subject to audit by the IRS.

Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Bonds, as described under the caption “TAX EXEMPTION” herein. However, the City has not sought and is not expected to seek a ruling from the Internal Revenue Service with respect to the tax status of the Bonds. No assurance can be given that the Internal Revenue Service will not examine the Bonds. If the Internal Revenue Service examines the Bonds, such examination, if it occurs, may have an adverse impact on the marketability and price of the Bonds. See “TAX EXEMPTION” in this Official Statement.

Determination of Taxability

Failure to comply with certain requirements imposed by applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), may result in a determination by the Internal Revenue Service that interest on the Bonds is includable in gross income for federal income tax purposes retroactive to the date of issuance. An initial or final determination of taxability with respect to the Bonds by the Internal Revenue Service could adversely affect the marketability and market price of the Bonds. No provision has been made for the mandatory redemption or acceleration of the Bonds or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is finally determined to be includable in gross income for federal income tax purposes or in the event that interest on the Bonds is finally determined to be includable in taxable net income of individuals, estates, or trusts for State income tax purposes. See “TAX EXEMPTION” in this Official Statement.

Risk of Early Redemption

Purchasers of the Bonds should consider that the Bonds are subject to optional redemption upon the terms set forth in the Resolution and described under the caption “THE BONDS – Redemption” in this Official Statement.

No Credit Enhancement Facility

There is no credit enhancement facility securing the payment of debt service on the Bonds, nor is there any provision for a credit enhancement facility to be provided to secure the payment of debt service on the Bonds. The City has not obtained a letter of credit or municipal bond insurance policy to secure payment of debt service on the Bonds.

Certain Matters Relating to Enforceability

The remedies available upon a default under the Resolution will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code and state laws concerning the use of assets of municipalities such as the City, equitable remedies may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Bonds will be expressly subject to the qualification that the enforceability of the Resolution and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases. See “ENFORCEABILITY OF OBLIGATIONS” in this Official Statement.

Construction Fund

The Issuer shall establish a Construction Fund which shall be established and maintained as a separate fund and used only to pay or reimburse costs and expenses which under accepted accounting practices constitute capital costs necessarily incurred to construct the Improvements, including but not limited to land, easements, buildings, structures, machinery and equipment and the cost of all architectural, engineering, legal, and other professional services, printing and publication and other costs, necessary and incidental thereto. To this fund shall be credited all proceeds of the Bonds, except accrued interest which will be deposited into the Bond Fund. Only costs and expenses of the Improvements shall be paid from time to time as incurred from the Construction Fund, and the monies in the Construction Fund should be used for no other purposes. If upon the completion of the Improvements there shall remain any unexpended balance in the Construction Fund, such balance shall be transferred to the Bond Fund.

Bond Fund

There shall be and is hereby established a special fund to be maintained by the City Auditor separate and apart from all other funds of the Issuer, to be designated as the Refunding Improvement Bonds of 2015, Series B, Bond Fund (the "Bond Fund"). To the Bond Fund shall be credited each improvement warrant issued by the resolution when received by the City Auditor, which warrant(s) shall thereupon become and shall thereafter be held as an asset of the Bond Fund, and the proceeds of all assessments for each improvement warrant so acquired shall be held by the Issuer in trust for the use and benefit of the holders from time to time of the Bonds herein authorized. The assessments levied for each warrant shall be continued and payments shall be made therefrom on each improvement warrant drawn thereon in the same manner as though each improvement warrant had not been exchanged. All payments of principal and interest made on each improvement warrant shall be credited to the Bond Fund and shall be used and applied in payment of the principal of and interest on the Bonds as such principal and interest become due.

In the event the moneys in the Bond Fund should at any time be insufficient to meet all payments of principal and interest then due on the Bonds, said moneys shall be first used to pay the interest accrued on all outstanding Bonds issued pursuant to the resolution, and the balance shall be applied in payment of the principal of said Bonds in order of their maturity dates, earliest Bonds first, Bonds bearing the same maturity dates being paid pro rata. The Issuer reserves the right and privilege of refunding any of such matured Bonds for the payment of which moneys are not at the time available by issuing new refunding improvement bonds payable from said fund, which refunding improvement bonds shall be on a parity with those theretofore issued as to interest charges thereon, but the maturity thereof shall be subsequent to the maturity of all Bonds payable from said fund and then outstanding, provided that no holder of Bonds herein authorized to be issued shall be obligated to accept any such refunding improvement bond in exchange for any of such matured Bond.

Legislative Proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal bonds. For example, legislation has been proposed by President Obama that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or

marketability of tax- exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

Tax-Exemption

In the opinion of Bond Counsel, interest on the Bonds is not includable in the "gross income" of the owners thereof for purposes of federal and State of North Dakota income taxation.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986 (the "Code") and covenants of the Bond Resolution may result in the inclusion of interest on the Bonds in the federal and North Dakota "gross income" of the owners thereof retroactive to the date of issuance of the Bonds. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of North Dakota income taxation.

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Bonds will not be treated as a preference item in calculating the federal alternative minimum taxable income of individuals and corporations. However, interest on tax exempt obligations, including the Bonds, is included in computing adjusted current earnings when calculating the Alternative Minimum Tax on corporations.

Prospective purchasers of the Bonds should also be aware that (i) Section 265 of the Code, denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, a portion of a holder's interest expense allocated to interest on the Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires receipts of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

Financial Advisor

The City has retained Dougherty & Company LLC of Bismarck, North Dakota, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. In assisting in the preparation of the Official Statement, the Financial Advisor has relied upon City officials and other parties who have access to relevant data to provide accurate information for the Official Statement. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting or audit standards.

Underwriting

The \$24,470,000* Refunding Improvement Bonds of 2015, Series B are being sold at a competitive bond sale by the City, to _____, who submitted a proposal to the City to purchase the Bonds. The notice of sale provides that the Original Purchaser shall purchase all of the Bonds, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the notice of sale, the approval of certain legal matters by counsel, and certain other conditions.

Rating

The City of West Fargo applied for and received an underlying bond rating of “A1” assigned by Moody’s Investors Service, Inc. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of Moody’s and any explanation of the significance of the rating may be obtained only from Moody’s. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of Moody’s, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

Bank Qualified Obligation

The Bonds will NOT be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Purpose

The Bonds will finance improvements in the Water and Street Improvement Districts (1266, 1271, 1278, 1281, 1282, 1285, 1286) and the Street Improvement Districts (2219, 2232, 2236, 2237 and 2238). The above mentioned Districts will be collectively referred to as , the “Districts”. (See Descriptions of the Districts below.) Such Warrants are payable from special assessments levied against benefited properties in the Districts. Whenever all special assessments appropriated and theretofore collected for any improvement are insufficient to pay principal and interest then due on the Warrants issued with respect thereto, the City is required by law to levy a tax upon all taxable property in the corporate limits of the City for the payment of such deficiency. In its discretion, the City is authorized to levy a similar tax whenever such a deficiency is likely to occur within one year, which deficiency levies are not subject to any limitation as to rate or amount. See “SECURITY FOR THE BONDS” in this Official Statement

The Bonds will be issued for the purpose of refunding a like principal amount of certain valid outstanding special improvement warrants of the City (the “Warrants”) which will be issued for the purpose of paying the costs of local improvements in the Districts. The Warrants will be issued simultaneously with the Bonds in anticipation of the collection of special assessments levied or to be levied upon property within the Districts benefited by the improvement therein, which special assessments, will be appropriated to the funds of the City for the payment of the Warrants and any additional improvement warrants drawn thereon. Whenever all special assessments appropriated and theretofore collected for any improvement are insufficient to pay principal and interest then due on the Warrants issued with respect thereto, the governing body is required by law to levy a tax upon all taxable property in the corporate limits of the City for the payment of such deficiency, and the governing body is authorized to levy a similar tax whenever such a deficiency is likely to occur within one year, which deficiency levies are not subject to any limitation as to rate or amount.

The Bonds are valid and binding obligations of the City payable from a separate and special fund of the City which has been duly created and designated as the Refunding Improvement Bonds of 2015, Series B Bond Fund (the “Bond Fund”).

Descriptions of the Districts

Water and Street Improvement District 1266 consists of new municipal improvements to serve a new commercial development. The improvements include water main, a concrete street with curb and gutter, and street lights. The project is located in the southeast area of the city along 32nd Avenue East and Veterans Boulevard.

Sewer, Water, Storm and Street Improvement District 1271 consists of new municipal improvements to serve a new development with approximately 30 residential lots and about 20 acres of commercial development. The improvements include water main and hookups, sanitary sewer main and hookups, storm sewer, concrete and asphalt streets with curb and gutter, street lights, and a storm water retention pond. The project is located in the southeast area of the city north of 26th Avenue East and west of Veterans Boulevard.

Sewer, Water, Storm and Street Improvement District 1278 is the Engineering costs for designed, bid, but not constructed new municipal improvements to serve a new residential development with approximately 22 lots. The project is located in the southeast area of the city south of 32nd Avenue West and west of Veterans Boulevard.

Sewer, Water, Storm and Street Improvement District 1281 consists of new municipal improvements to serve a new residential development with approximately 80 lots. The improvements include water main and hookups, sanitary sewer main and hookups, storm sewer, asphalt streets with curb and gutter, concrete street, and street lights. The project is located in the southwest area of the city north of 32nd Avenue West and west of 9th Street West.

Sewer, Water, Storm and Street Improvement District 1282 consists of new municipal improvements to serve a new residential development with approximately 105 lots. The improvements include water main and hookups, sanitary sewer main and hookups, storm sewer, asphalt streets with curb and gutter, street lights, and storm water retention pond. The project is located in the southwest area of the city north of 26th Avenue West and west of 9th Street West.

Sewer, Water, Storm and Street Improvement District 1285 consists of new municipal improvements to serve a new residential development with approximately 140 lots. The improvements include water main and hookups, sanitary sewer main and hookups, storm sewer, asphalt streets with curb and gutter, concrete street, street lights, and storm water retention pond. The project is located in the southwest area of the city south of 26th Avenue West and west of 9th Street West.

Sewer, Water and Storm Improvement District 1286 consists of new municipal improvements to serve a new commercial development with approximately 30 lots. The improvements include water main and hookups, sanitary sewer main and hookups, storm sewer, storm sewer lift station, and storm water retention pond. The project is located in the central area of the city south of I-94 and along Sheyenne Street.

Street Improvement District 2219 consists of new municipal improvements for the collector roadway of 7th Avenue East. The improvements include water main, storm sewer, a concrete street with curb and gutter, and street lights. The project is located in the east area of the city between 17th Street East and 45th Street South.

Street Improvement District 2232 consists of new municipal improvements for the collector roadway of 4th Street East. The improvements include water main, sanitary sewer main, storm sewer, a concrete street with curb and gutter, and street lights. The project is located in the south area of the city between 38th Avenue East and 40th Avenue East.

Street Improvement District 2236 consists of new municipal improvements for the arterial roadway of 52nd Avenue West. The improvements include water main and an asphalt street. The project is located in the southwest area of the city between 11th Street West and Sheyenne Street.

Street Improvement District 2237 consists of new municipal improvements for the Sommerset and Homestead Court areas, 1st Street, 8th Street East, and the Sheyenne Street corridor. The improvements include street repair, curb and gutter repair, asphalt street overlays, and a concrete multi-use path. The project is located in various areas of the city including 1st Street from Main Avenue to 13th Avenue, 8th Street East from 8th Avenue to 10th Avenue, Sheyenne Street from 38th Avenue to 40th Avenue, and the Sommerset and Homestead Court residential developments.

Street Improvement District 2238 consists of new municipal improvements for park district properties across the city. The improvements include storm sewer, street repair, asphalt street overlays, and asphalt parking lots. The project is located in various park properties across the city including Maplewood Park, Elmwood Park, Rendezvous Park and the Scheels Soccer Complex.

Authority

The Bonds are issued pursuant to the terms and provisions of the North Dakota Century Code, Chapters 40-22, 40-27, and related chapters, as amended.

Enforceability Of Obligations

On the date of delivery of the Bonds, Ohnstad Twichell, P.C., Bond Counsel to the City, will deliver its opinion that the Bonds, the Resolution, and the Bond Purchase Agreement are valid and binding obligations of the City. See “APPENDIX D – FORM OF BOND COUNSEL OPINION” in this Official Statement. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors’ rights generally.

Registrar/Paying Agent

Starion Bond Services, 2900 North Washington Street, Bismarck, North Dakota 58503, will serve as registrar and paying agent. The City of West Fargo will pay for the services of the registrar and paying agent.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the “Rule”), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the “undertaking”) for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the City to certain information repositories annually, and to provide notices of the occurrence of certain events enumerated in the rule to “EMMA” (see APPENDIX C). The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notice of material events, are set forth in the continuing Disclosure Certificate to be executed and delivered by the City at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C.

The previous continuing disclosure documents required that the Issuer, not later than 12 months after the end of the Fiscal Year (December 31st), provide the Repository with an Annual Report which is

consistent with the requirements of the Issuer to provide certain financial information and operating data relating to the Issuer. The Issuer unintentionally failed to comply with providing continuing disclosure by December 31st on issues that required the 2008 and 2009 Audits. The City had also failed to add the additional Operating Information required on all issues until a Dissemination Agent had been retained. Procedures have been set in place to provide timely disclosure.

In the past five years there have been numerous rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the City. Due to widespread knowledge of these rating actions, material event notices were not filed by the City. In addition, the City failed to file all rating changes and refunding notice in the past five years.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See Appendix C – Continuing Disclosure Undertaking herein for additional information. Potential investors are encouraged to review current EMMA filings for the City at <http://www.emma.msrb.org/>.

MISCELLANEOUS

Future Financing

The City plans on possible additional financing within the next year.

Litigation

There is no litigation pending or to the City's knowledge threatened, regarding the City's right to issue the proposed Bonds, the right of any Council Member to hold office, or the City's boundaries.

Source Of Information:

Dougherty & Company LLC has attempted to summarize information from various sources believed to be reliable for the convenience of interested parties. Dougherty & Company LLC makes no representation or warranty to the accuracy or completeness of such information or to the sources thereof nor to the investment quality of the Bonds or any Bonds mentioned herein. Dougherty & Company LLC has prepared this document in connection with its relationship as financial consultants to the City. The Financial Consultant's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

BONDHOLDERS' RISKS

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD BE AWARE THAT INVESTMENT IN THE BONDS MAY ENTAIL SOME DEGREE OF RISK. EACH PROSPECTIVE INVESTOR IN THE BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED IN APPENDIX A WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF DEBT SERVICE ON THE BONDS AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED. THIS DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE, EXHAUSTIVE. PROSPECTIVE INVESTORS ARE ENCOURAGED TO REVIEW CURRENT EMMA FILINGS FOR THE CITY AT [HTTP://WWW.EMMA.MSRB.ORG/](http://www.emma.msrb.org/).

This document dated _____, 2015 has been prepared for use in connection with the public sale of Bonds by the City of West Fargo, North Dakota. Additional information may be obtained from the Finance Director/Auditor or from Dougherty & Company LLC, the City's consultants.

To the best of my knowledge, the information does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements herein not misleading. The officers and members of the City Council, duly qualified and acting as of the date thereof, are those set forth above.

*/s/ Tina M. Fisk
City Administrator
City of West Fargo*

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**APPENDIX A–
CITY OF WEST FARGO, NORTH DAKOTA**

General Information

The City of West Fargo is located in east central North Dakota in the West Fargo, Fargo, Moorhead metropolitan area (total area population around 135,685). The City was incorporated as a village in 1937 (under the name of Southwest Fargo), and became a City in 1937. In 1967, the name was changed to West Fargo.

July 1, 1989 the City of Riverside became a part of the City of West Fargo. The City currently contains approximately 9,709 acres after significant annexation beginning in 2002 when it was only 4,433 acres. Population of the City has grown substantially over the last several decades and was 25,830, according to the 2010 census. The 2014 population estimate for City of West Fargo is 31,771. City currently employs 136 full time employees.

Governmental Organization and Services

The City operates under the Commission form of government. The five member board are elected to four year staggered terms. Current members are as follows:

<u>Name</u>	<u>Position</u>
Rich Mattern	President
Mark Simmons	Commissioner
Mike Thorstad	Commissioner
Mark Wentz	Commissioner
Duane Hanson	Commissioner

The Commission meets in regular session at the West Fargo City Hall on the first and third Mondays of each month, and otherwise as needed. Aaron Mitchell is the Finance Director and Tina Fisk is the City Administrator. The City's official newspaper is the Forum.

The address of the City is:

City of West Fargo
City Hall
800 Fourth Avenue East
West Fargo ND 58078

<http://www.westfargond.gov>

Population Statistics

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
West Fargo	5,161	10,099	12,287	14,940	25,830	27,602	29,956	31,771

Source: U.S. Census Bureau

Cass County Residential Building Permits

<u>Year</u>	<u>Single Family</u>		<u>Multi Family</u>		<u>Total Residential</u>	
	<u>Issued</u>	<u>Costs</u>	<u>Issued</u>	<u>Costs</u>	<u>Issued</u>	<u>Costs</u>
2014	973	\$214,142,371	56	\$165,406,203	1,029	\$ 379,548,574
2013	3,899	767,876,723	334	589,477,135	4,233	1,357,353,858
2012	4,540	886,380,812	400	511,144,386	4,940	1,397,525,198
2011	2,913	509,503,844	176	274,111,733	3,089	783,615,577
2010	2,084	361,415,140	103	119,728,349	2,187	481,143,489

Source: Job Service North Dakota, Workforce Intelligence Network, U.S. Census Bureau

Unemployment Figures

<u>Year</u>	<u>Average Annual Unemployment figures</u>			
	<u>West Fargo</u>	<u>Cass County</u>	<u>North Dakota</u>	<u>United States</u>
2014	2.4%	2.5%	2.8%	6.2%
2013	2.5	3.0	2.9	7.4
2012	2.7	3.1	3.1	8.1
2011	3.0	3.4	3.5	8.9
2010	3.3	3.8	3.8	9.6
2009	--	4.1	4.1	9.3
2008	--	2.7	3.1	5.8

Source: Labor Market Information Center, Job Service North Dakota
West Fargo 2008 & 2009 was not reported on the Job Service site

2015 Unemployment Figures

<u>2015</u> <u>Monthly</u>	<u>Average Labor Force</u>		<u>Average Annual Unemployment figures</u>			
	<u>West Fargo</u>	<u>Cass County</u>	<u>West Fargo</u>	<u>Cass County</u>	<u>North Dakota</u>	<u>United States</u>
January	17,955	94,165	3.3%	3.4%	3.6%	6.1%
February	17,926	93,908	3.2	3.1	3.7	5.8
March	17,886	93,790	3.2	3.2	3.8	5.6
April	17,780	93,344	2.4	2.5	3.1	5.1
May	17,729	93,108	2.1	2.3	2.8	5.3
June	17,755	93,209	2.4	2.5	3.2	5.5
July	17,798	93,412	1.9	2.1	2.6	5.6
August	17,530	91,930	2.0	2.0	2.5	5.2
September	17,512	91,892	1.8	1.9	2.2	4.9

Source: Labor Market Information Center, Job Service North Dakota, LAUS Unit,

Employment Wage Statistics

<u>Area</u>	<u>Total Average Employment</u>	<u>Average Hourly Wage</u>	<u>Average Weekly Wage</u>	<u>Average Annual Wage</u>
Cass County, ND	113,136	\$22.85	\$914	\$47,528
State of North Dakota	437,726	\$24.60	\$984	\$51,168

Source: Labor Market Information Center, Job Service North Dakota, QCEW Unit, 1st Qtr 2015, Based on working 40 hrs per week

Income Total

The table below shows the most recent year-end income information for Cass County.

<u>Income Description</u>	<u>Income Source</u>	<u>Year</u>	<u>Total</u>
Median Household Income	U.S. Census Bureau	2013	\$53,077
Per Capita Personal Income	U.S. Bureau of Economic Analysis	2013	\$49,991
Total Personal Income	U.S. Bureau of Economic Analysis	2013	\$8,139,909,000

Source: Labor Market Information Center, Job Service North Dakota, QCEW

Largest Employers

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Sanford Health	Healthcare	6,020
North Dakota State University	Education	4,464
Essentia Health	Hospital	1,762
Fargo Public Schools	Education	1,816
Noridian Healthcare Solutions	Insurance	1,371
Case New Holland	Farm & Construction Equipment	1,250
West Fargo Public Schools	Education	1,248
Wanzek Construction	Contractors	1,100
US Bank	Financial Institution	1,059
Eventide Senior Living	Nursing Homes	1,006
Veteran's Affairs	Hospitals	1,000

Source: City of Wells Fargo, Greater Fargo/Moorhead Economic Development Corporation

Note: Employment numbers are typically reported by companies in January of each year.

*Reflects data from previous collection period.

Industry Employment Distribution

The Distribution of Industries in Cass County as of 1st Quarter 2015:

<u>Rank</u>	<u>Taxpayer</u>	<u>Establishments</u>	<u>Employees</u>
1	Health Care and Social Assistance	481	17,214
2	Retail Trade	654	13,263
3	Accommodation and Food Services	408	10,160
4	Manufacturing	223	9,040
5	Finance and Insurance	475	8,188
6	Wholesale Trade	813	7,991
7	Educational Services	66	7,532
8	Construction	831	7,246
9	Professional and Technical Services	840	5,964
10	Administrative and Waste Services	397	5,351

Source: ND Job Service-Labor Market Information Center website (Summary Area Profile)

Bordering on the City, there are several other large employers including West Acres Mall, a shopping center with around 950 employees, Holiday Inn with 230 employees, a Target store with 220 employees, Hornbachers (supermarket) with 150 employees, and a Wal-Mart with approximately 262 employees.

All forms of transportation are readily available. Interstate highways (I-94 east and west and I-29 north and south), as well as numerous secondary highways, make surface travel in any direction convenient. The West Fargo Municipal Airport provides general aviation services to the City while the Fargo Municipal Airport, just a few miles away, provides several commercial flights daily. Numerous truck lines and the accessibility of the Burlington Northern Railroad round out the transportation network.

Education (K-12) is provided by the West Fargo Public School District No. 6. The enrollment for 2014/2015 is estimated at 8,970. North Dakota State University is located in nearby Fargo.

Other community assets include numerous churches, service and civic organizations. In addition, financial services for City residents are handled by eight commercial banks.

Crop Production

Located in the heart of the fertile Red River Valley, agriculture, balanced with light manufacturing, commercial, retail and wholesale trades and other businesses provide the area's economic base. The area lends itself to raising of a variety of crops. Crop production reported in Cass County is as follows:

<u>Crops</u>	<u>Acres Harvested</u>	<u>Production</u>
Wheat – Spring	80,100	4,771,000 bu.
Barley	10,300	794,000 bu.
Soybeans	527,000	20,011,000 bu.
Corn – Grain	211,000	29,312,000 bu.
Dry Edible Beans	6,200	96,000 cwt
Hay – Alfalfa	3,120	5,100 ton

Source: North Dakota Agriculture Statistics, As Reported in the Cass County Annual Report, as of 05/20/2015

Livestock Population

Livestock population in Cass County as of January 1, 2015 is as follows:

<u>Animal</u>	<u>Number of Head</u>
All Cattle	12,700
Beef Cows	<i>Not reported</i>
Milk Cows	<i>Not reported</i>
Sheep and lambs	2,300

Source: North Dakota Agriculture Statistics

Taxable Sales and Purchases

<u>Year</u>	<u>West Fargo</u>	<u>Cass County</u>
2014	\$ 371,309,840	\$ 3,256,646,158
2013	324,159,830	3,121,603,745
2012	315,938,469	3,052,017,126
2011	264,224,300	2,776,411,892
2010	242,917,275	2,517,974,991
2009	219,169,151	2,419,792,049
2008	229,944,675	2,502,372,266

Sources: North Dakota Sales and Use Tax Statistical Reports (Table 2 and 4), updated annually

2015 Taxable Sales and Purchases

<u>Quarter</u>	<u>West Fargo</u>	<u>Cass County</u>
1 st	\$ 73,914,208	\$ 673,603,504
2 nd	<u>102,597,496</u>	<u>831,401,135</u>
Total	176,511,704	1,505,004,639

VALUATIONS

<u>Year</u>	<u>Full & True Valuation</u>	<u>Assessed Valuation</u>	<u>Taxable Valuation</u>
2015	\$ 2,444,910,300	\$ 1,222,455,150	\$113,738,389
2014	\$ 2,122,471,100	\$ 1,061,235,550	\$ 98,891,772

Source: Cass County Auditor
Including TIF District

Trends in Valuations

<u>Year</u>	<u>Taxable Valuations</u>
2015	\$113,738,389
2014	98,891,772
2013	88,770,277
2012	80,520,107
2011	77,371,033
2010	73,950,942
2009	70,814,846
2008	67,877,995

Source: Cass County Auditor/Treasurer Office

Valuations as calculated under State statutes which provide, in part, that Assessed Values be 50% of the Full & True Value with farmland and commercial property having a Taxable Value of 10% of the Assessed Value. Residential Taxable Value is 9% of the Assessed Value. Utility Property Values are set by the State.

BONDED DEBT

General Obligation Debt:

<u>Year</u>	<u>PAR Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Outstanding as of 12/31/2015*</u>
03/03/2009	\$10,000,000	Arterial Street Bonds	11/01/2024	\$ 7,105,000
		Total		7,105,000

Source: City of West Fargo

All principal payments through December 31, 2015 ^t have been subtracted.

The debt limit (applying to general obligation liabilities) for North Dakota Cities is 5% of the Assessed Value. Said limit can be increased upon voter approval to 8%. Refunding Improvement Bonds/Warrants (except for amounts assumed by the City) and Revenue Bonds are not subject to this debt limit.

Revenue Bonds:

<u>Year</u>	<u>PAR Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Outstanding as of 12/31/2015</u>
2009	\$ 570,000	Tax Increment Revenue Bonds of 2009	05/01/2025	\$ 415,000
2009	7,870,000	Taxable Water & Sewer Revenue Bonds	11/01/2034	6,835,000
2012	9,145,000	Water & Sewer Refunding Revenue Bonds	11/01/2030	7,645,000
2012	2,060,000	Sales Tax Revenue Bonds, Series 2012	05/01/2023	<u>1,685,000</u>
		Total		\$ 16,580,000

Source: City of West Fargo

All principal payments through December 31, 2015 have been subtracted.

North Dakota Statutes require that a municipality levy a tax upon all taxable property within the municipality whenever special assessments and taxes are insufficient to pay principal and interest when due on definitive improvement warrants. There is no limitation as to rate or amount of such a deficiency tax. See Security for specific details.

The City finances the construction of local improvements (e.g., water mains, sewer mains, sidewalk and street improvements) with special assessment bonds. Such financing may be on a temporary or long-term basis and is payable primarily from special assessments levied upon properties benefited by the improvements. A portion of the cost of an improvement not exceeding 20% may be assumed by the City and paid from the levy of ad valorem taxes on all taxable property in the City. Improvements for water, sewer or parking franchises may utilize net revenues from operations for debt service costs.

Special Assessment Bonds:

<u>Date</u>	<u>PAR Amount</u>	<u>Description</u>	<u>Final Maturity</u>	<u>Outstanding as of 12/31/2015*</u>
08/29/05	\$ 4,795,000	Refunding Improvement Bonds of 2005, C	05/01/16	\$ 240,000
07/17/06	225,000	Sidewalk Warrants of 2006	05/01/16	20,000
01/29/07	10,340,000	Refunding Improvement Bonds of 2007, A	05/01/23	4,970,000
01/29/07	240,000	Sidewalk Warrants of 2007	05/01/17	40,000
07/17/07	6,345,000	Refunding Improvement Bonds of 2007, B	05/01/23	2,500,000
01/21/08	215,000	Sidewalk Warrants of 2008	05/01/18	60,000
04/28/08	2,735,000	Refunding Improvement Bonds of 2008, B	05/01/23	1,440,000
12/15/08	7,080,000	Refunding Improvement Bonds of 2008, C	05/01/24	4,130,000
02/09/09	6,015,000	Refunding Improvement Bonds of 2009, A	05/01/17	1,410,000
10/06/09	5,430,000	Refunding Improvement Bonds of 2009, B	05/01/18	880,000
12/14/09	7,725,000	Refunding Improvement Bonds of 2009, C	05/01/34	6,045,000
02/15/10	5,935,000	Refunding Improvement Bonds of 2010, A	05/01/19	2,460,000
08/30/10	7,130,000	Refunding Improvement Bonds of 2010, B	05/01/35	5,830,000
08/30/10	525,000	Sidewalk Warrants of 2010	05/01/20	255,000
02/07/11	5,315,000	Refunding Improvement Bonds of 2011, A	05/01/20	2,835,000
02/07/11	2,645,000	Refunding Improvement Bonds of 2011, B	05/01/20	1,360,000
08/15/11	9,960,000	Refunding Improvement Bonds of 2011, C	05/01/36	8,535,000
12/19/11	15,630,000	Refunding Improvement Bonds of 2012, A	05/01/36	12,955,000
12/21/11	170,000	Sidewalk Warrants of 2012	05/01/22	125,000
03/05/12	6,030,000	Refunding Improvement Bonds of 2012, B	05/01/21	3,850,000
03/05/12	9,740,000	Refunding Improvement Bonds of 2012, C	05/01/21	6,060,000
08/20/12	37,600,000	Refunding Improvement Bonds of 2012, D	05/01/37	31,260,000
02/04/13	15,900,000	Refunding Improvement Bonds of 2013, A	05/01/37	14,300,000
10/07/13	13,630,000	Refunding Improvement Bonds of 2013, B	05/01/38	12,755,000
03/31/14	17,750,000	Refunding Improvement Bonds of 2014, A	05/01/38	16,850,000
12/01/14	20,460,000	Refunding Improvement Bonds of 2014, B	05/01/39	19,710,000
07/01/15	28,180,000	Refunding Improvement Bonds of 2015, A	05/01/40	28,180,000
12/30/15	24,470,000	Refunding Improvement Bonds of 2015, B	<i>New Issue</i>	<u>24,470,000</u>
		Total		\$213,525,000

Source: City of West Fargo

All principal payments through December 31, 2015 have been subtracted.

Outstanding Debt as of December 7, 2015

Year	Outstanding General Obligation	Outstanding Special Assessment	Outstanding Revenue Bonds	<i>This Issue</i> 2015B RIBs	Special Assessment Total	TOTAL Outstanding DEBT
2016	685,000	15,520,000	815,000	0	15,520,000	17,020,000
2017	705,000	14,950,000	840,000	\$825,000	15,775,000	17,320,000
2018	730,000	13,590,000	850,000	1,050,000	14,470,000	16,050,000
2019	755,000	12,915,000	885,000	1,050,000	13,965,000	15,605,000
2020	780,000	11,975,000	915,000	1,050,000	13,025,000	14,720,000
2021	810,000	10,200,000	945,000	1,050,000	11,250,000	13,005,000
2022	845,000	8,645,000	990,000	1,050,000	9,695,000	11,530,000
2023	880,000	8,055,000	1,230,000	1,050,000	9,105,000	11,215,000
2024	915,000	7,540,000	865,000	1,045,000	8,585,000	10,365,000
2025		7,035,000	895,000	1,045,000	8,080,000	8,975,000
2026		6,875,000	880,000	1,045,000	7,920,000	8,800,000
2027		6,795,000	920,000	1,045,000	7,840,000	8,760,000
2028		6,535,000	955,000	1,045,000	7,580,000	8,535,000
2029		6,445,000	1,000,000	1,040,000	7,485,000	8,485,000
2030		6,400,000	1,045,000	1,040,000	7,440,000	8,485,000
2031		6,355,000	440,000	1,040,000	7,395,000	7,835,000
2032		6,320,000	470,000	1,000,000	7,320,000	7,790,000
2033		6,205,000	500,000	1,000,000	7,205,000	7,705,000
2034		6,145,000	1,140,000	1,000,000	7,145,000	8,285,000
2035		5,815,000	0	1,000,000	6,815,000	6,815,000
2036		5,510,000	0	1,000,000	6,510,000	6,510,000
2037		4,565,000	0	1,000,000	5,565,000	5,565,000
2038		2,835,000	0	1,000,000	3,835,000	3,835,000
2039		1,000,000	0	1,000,000	2,000,000	2,000,000
2040		1,000,000		1,000,000	2,000,000	2,000,000
Total	\$7,105,000	\$188,225,000	\$16,580,000	\$24,470,000	213,525,000	273,210,000

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

<u>Entity</u>	<u>2014 Taxable Valuation</u>⁽¹⁾	<u>Tax Supported Bonded Debt</u>⁽²⁾	<u>City's Share</u>
Cass County	\$ 594,023,291	\$ 5,405,000	\$ 879,701
West Fargo School District	227,945,630	102,169,467	44,176,340
West Fargo Airport Authority	98,891,772	0	0
West Fargo Park District	98,891,772	0	0
<i>Total Overlapping Tax Supported Bonded Debt</i>			<u>\$45,056,041</u>

(1) Source: Cass County Auditor

(2) Excludes outstanding Special Assessment bonds and revenue bond debt for the West Fargo Park District and Building Authority

Direct Debt Per Capita

Population: 31,771 (2014 estimate)	<u>Total Debt</u>	<u>Per Capita Debt</u>
Net Direct G.O. Debt	\$ 7,105,000	\$ 223.63
Net Special Assessment Debt	213,525,000	6,720.75
Overlapping G.O. Debt	<u>45,056,041</u>	<u>1,418.15</u>
Total	\$265,525,000	\$8,362.53

TAX INFORMATION

Tax Levies and Collections

<u>Year of Levy</u>	<u>Amount of Levy</u>	<u>Amount Collected to 10/31/2015</u>	<u>Percentage Collected</u>
2015	\$9,108,170	- In Progress -	
2014	8,407,292	8,045,396	95.70%
2013	7,930,082	7,604,217	95.90%
2012	7,277,222	7,006,539	96.28%
2011	7,062,908	6,758,599	95.69%
2010	6,794,438	6,515,748	95.90%
2009	6,479,504	6,210,206	95.84%
2008	6,010,080	5,734,393	95.41%

Source: Cass County Auditor

North Dakota Statutes allow a 5% discount on property taxes paid by February 15 of the following year. Taxes may be paid in two installments, without penalty. The first installment must be paid by March 1, and the second by October 15. If installments are not made, the entire tax must be paid by March 1 to avoid penalties. Property owners have up to three years in which to redeem property with delinquent taxes.

Largest Property Taxpayers

The 15 largest property taxpayers in the City are identified below:

<u>Rank</u>	<u>Taxpayer</u>	<u>2015 Taxable Value</u>	<u>% of Taxable Value \$113,738,389</u>
1	Costco Wholesale Corporation	889,235	0.78%
2	Northern States Power Company	867,925	0.76%
3	Magellan Pipeline Company LP	719,741	0.63%
4	Veterans Park Apartment Homes LLC	612,930	0.54%
5	Lake Crest Partners LLC	604,410	0.53%
6	Lake Crest Partners LLC	604,020	0.53%
7	Cargill Inc.	556,960	0.49%
8	Menards Inc.	535,760	0.47%
9	Trinity Containers LLC	500,990	0.44%
10	Eventide Senior Living Communities	456,935	0.40%
11	KW Fargo LLC	417,735	0.37%
12	Apartments at Eagle Lake LLC	414,690	0.36%
13	Trail King Industries Inc.	405,880	0.36%
14	Fargo Hospitality Group	395,285	0.35%
15	Weisgram Properties LLP	<u>381,690</u>	<u>0.34%</u>
	Total	8,364,186	7.35%

Source: Cass County Auditor

West Fargo Mill Levies

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund	62.07	64.18	64.33	66.84
Library	9.25	9.69	8.58	9.21
Share of Specials	1.49	1.84	3.26	1.11
Airport	1.52	1.72	1.27	1.62
Fire Department	7.28	7.69	8.48	8.38
Building	3.44	3.99	3.89	2.25
Sinking & Interest Highway 2	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1.62</u>
Total	85.05	89.11	90.11	91.03

Source: Cass County Auditor

Levy Summary

Year	State/County	School	City	Park	Other	Total
2014	63.67	142.20	85.05	31.41	10.24	332.57
2013	63.67	142.20	89.11	32.45	10.50	337.93
2012	64.60	192.20	90.11	32.93	10.68	390.52
2011	66.75	192.20	91.03	34.56	10.83	395.37

Source: ND League of Cities Taxable Valuation and Tax Levies

FUNDS ON HAND

<u>Fund</u>	<u>Amount as October 31, 2015</u>
General	\$19,932,878.80
Special Revenue	15,245,647.78
Capital Project	-37,496,343.65
Debt Service	22,546,366.16
Enterprise	8,464,540.76
Trust and Agency	<u>1,476,310.04</u>
Total	<u>\$30,169,399.89</u>

Source: City of West Fargo

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**APPENDIX B-
AUDITED FINANCIAL REPORT-DECEMBER 31, 2014**

**CITY OF WEST FARGO, NORTH DAKOTA
AUDITED FINANCIAL REPORTS FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014**

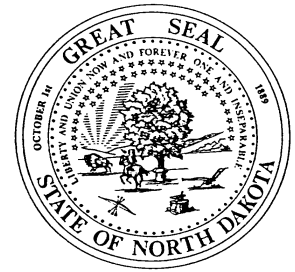
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CITY OF WEST FARGO

West Fargo, North Dakota

Audit Report

For the Year Ended
December 31, 2014



ROBERT R. PETERSON
STATE AUDITOR

Office of the State Auditor

CITY OF WEST FARGO
West Fargo, North Dakota

TABLE OF CONTENTS
For the Year Ended December 31, 2014

	<u>Page(s)</u>
City Officials	1
Independent Auditor's Report	2 - 3
Management's Discussion and Analysis	4 - 14
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Position - Agency Funds	24
Notes to the Financial Statements	25 - 44
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	45
Sales Tax Fund	46
Notes to the Required Supplementary Information	47

CITY OF WEST FARGO
Table of Contents - Continued

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity	48 - 50
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51 - 52
Schedule of Findings and Questioned Costs	53
Management's Letter	54 - 55

CITY OF WEST FARGO
West Fargo, North Dakota

CITY OFFICIALS

December 31, 2014

President / Mayor	Rich Mattern
Vice-President	Mike Thorstad
Commissioner	Mark Wentz
Commissioner	Mark Simmons
Commissioner	Duane Hanson
City Administrator	Jim Brownlee
Finance Director	Tina Gustafson
Police Chief	Michael Reitan
Public Works Director	Chris Brungardt
Planning Director	Larry Weil
Human Resources Director	Carmen Schroeder
City Attorney	John Schockley

Current

President / Mayor	Rich Mattern
Vice-President	Mike Thorstad
Commissioner	Mark Wentz
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Commissioner	Duane Hanson
City Administrator	Jim Brownlee
Finance Director	Tina Gustafson
Police Chief	Michael Reitan
Public Works Director	Chris Brungardt
Planning Director	Larry Weil
Human Resources Director	Carmen Schroeder
City Attorney	John Schockley

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
Fax (701) 328-1406



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

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, 2014, 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* on pages 4-14 and 45-46 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 August 5, 2015, 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.



Robert R. Peterson
State Auditor

Fargo, North Dakota
August 5, 2015

CITY OF WEST FARGO
West Fargo, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

As management of the City of West Fargo, North Dakota, we are pleased to offer readers of the City of West Fargo's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2014. We encourage readers to consider it in conjunction with the additional information presented in the basic financial statements, the fund financial statements, and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Prior period adjustments were done to beginning net position of governmental activities \$10,998, made up of adjustments for loan payments and adjustments for capital assets.
- The total net position of governmental activities of the City of West Fargo decreased by (\$14,934,837) as a result of current year operations, or approximately 17.9%.
- Net position of the business-type activities increased by \$27,499,061 or approximately 15%. The increase is due to a transfer of capital assets from the governmental activities totaling \$32,470,033.
- Total revenues from all sources were \$47,694,806 for governmental activities on the statement of activities and \$41,329,871 on the modified accrual basis. Total revenues from all sources were \$8,703,549 for business-type activities.
- Total cost of all programs was \$43,834,132 consisting of \$29,305,395 for governmental activities and \$14,528,737 for business-type activities. This is a total increase of \$5.1 million for governmental activities and an increase of \$1.8 million for enterprise business-type activities over 2014.
- Governmental net capital assets totaled \$109,438,378 at December 31, 2014, and business-type capital assets totaled \$218,817,248 for an entity-wide total of \$328,255,626.
- Governmental expenditures exceeded revenues by \$44,745,016 in the fund-based statements due to spending approximately \$50.46 million on infrastructure projects construction in progress. Governmental activities expenses exceeded revenue by \$14,934,837 (after transfers to enterprise activities).
- Unassigned fund balance for the General Fund at year-end was \$15,805,502 or 162% of the total 2014 general fund expenditures.

USING THIS ANNUAL REPORT

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

The *Statement of Net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's *net position* changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected sales tax, and earned but unused vacation leave). Both the Statement of Net position and the Statement of Activities present information as follows:

- Governmental activities – this includes most of the City's basic services which are primarily supported by property and sales taxes, intergovernmental revenues, user fees and interest income.
- Business-type activities – this includes those services which are intended to recover all or a significant part of their costs through user fees.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of West Fargo, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. The City's funds can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available expendable resources. This allows the reader to evaluate the City's short-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

The City of West Fargo maintains 30 individual governmental funds with all debt service funds and capital projects funds combined into one "fund" each. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major funds: sales tax fund, debt service fund, and special assessment construction (capital projects) fund. Data from the special revenue governmental funds are combined into a single, aggregated presentation titled "Other Governmental Funds".

The City of West Fargo adopts an annual budget for the general fund, sales tax fund, and the special assessment debt service fund. Budgetary comparison statements have been provided to demonstrate compliance. A budgetary comparison schedule is not required, nor presented for the debt service fund.

Proprietary Funds - the City of West Fargo maintains one type of proprietary funds. Enterprise funds are used to report activities that charge for services it provides to outside customers. The enterprise funds are presented as business-type activities in the government-wide statements. The City of West Fargo uses enterprise funds to account for its Sanitation and Water and Sewer operations, as major funds. Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail.

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

Fiduciary Funds – the City of West Fargo is responsible for other assets that are held on behalf of others. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities have been excluded from the City's other financial statements since the City cannot use these assets to finance its operations.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Prior to GASB 63, net assets equity was reported, and subsequent to GASB 63, the elements of 'equity' are now known as net position. The following two tables present condensed information on the City's Net Position and Changes in Net Position for the fiscal year ended December 31, 2014. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of West Fargo, assets exceeded liabilities by \$280,356,893 at the close of the most recent fiscal year consisting of \$68,453,065 for governmental activities, and \$211,903,828 for business-type enterprise activities. The City of West Fargo's net position includes its investment in capital assets (e.g. land, buildings, infrastructure, machinery, equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding, and also includes restricted net position for specified purposes, and unrestricted net position. The City of West Fargo uses capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of West Fargo's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TABLE I
NET POSITION – GOVERNMENTAL ACTIVITIES
December 31, 2014 and 2013

	12-31-14	12-31-13
ASSETS:		
Current Assets	\$ 23,983,667	\$ 29,827,912
LT Uncertified Spec. Assmts. Rec. (Noncurrent)	128,025,342	121,590,140
Capital Assets (net of accumulated depreciation)	109,438,378	99,039,741
Total Assets	\$261,447,387	\$250,457,793
LIABILITIES:		
Current Liabilities	\$ 20,097,319	\$ 17,766,726
Long-Term Liabilities (include CA's)	172,897,003	149,314,163
Total Liabilities	\$192,994,322	\$167,080,889
NET POSITION:		
Net Investment in Capital Assets	\$ 50,908,720	\$ 58,424,881
Restricted	31,030,256	34,789,736
Unrestricted	(13,485,911)	(9,837,713)
Total Net Position	\$ 68,453,065	\$ 83,376,904

- Current assets - cash decrease due to spending down the future building fund balance in 2014;
- LT Uncertified Special assessments -- issued for various new certified projects in 2014;
- Capital assets - CIP increase and infrastructure increase in 2014 -- various capital projects;

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

TABLE I
NET POSITION – BUSINESS-TYPE ACTIVITIES
December 31, 2014 and 2013

	12-31-14	12-31-13
ASSETS:		
Current Assets	\$ 8,618,102	\$ 8,211,271
Capital Assets (net of accumulated depreciation)	218,817,248	192,346,657
Total Assets	<u>\$227,435,350</u>	<u>\$200,557,928</u>
LIABILITIES:		
Current Liabilities	\$ 755,837	\$ 753,196
Long-Term Liabilities	14,775,685	15,399,965
Total Liabilities	<u>\$ 15,531,522</u>	<u>\$ 16,153,161</u>
NET POSITION:		
Net Investment in Capital Assets, net of related debt	\$203,747,248	\$176,706,657
Unrestricted	8,156,580	7,698,110
Total Net Position	<u>\$211,903,828</u>	<u>\$184,404,767</u>

-- Capital assets increase - \$32.47 million transfer from govt. activities infrastructure to enterprise infrastructure

TABLE I
NET POSITION – TOTALS
December 31, 2014

	Governmental Activities	Enterprise	Totals
ASSETS:			
Current Assets	\$ 23,983,667	\$ 8,618,102	\$ 32,601,769
LT Uncertified Spec. Assmts. Rec.	128,025,342	-	128,025,342
Capital Assets (net of accumulated depreciation)	109,438,378	218,817,248	328,255,626
Total Assets	<u>\$261,447,387</u>	<u>\$227,435,350</u>	<u>\$488,882,737</u>
LIABILITIES:			
Current Liabilities	\$ 20,097,319	\$ 755,837	\$ 20,853,156
Long-Term Liabilities (include CA's)	172,897,003	14,775,685	187,672,688
Total Liabilities	<u>\$192,994,322</u>	<u>\$ 15,531,522</u>	<u>\$208,525,844</u>
NET POSITION:			
Invested in Capital Assets	\$ 50,908,720	\$203,747,248	\$254,655,968
Restricted	31,030,256	-	31,030,256
Unrestricted	(13,485,911)	8,156,580	(5,329,331)
Total Net Position	<u>\$ 68,453,065</u>	<u>\$211,903,828</u>	<u>\$280,356,893</u>

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

TABLE I
NET POSITION – TOTALS (as restated)
December 31, 2013

	Governmental Activities	Enterprise	Totals
ASSETS:			
Current Assets	\$ 29,827,912	\$ 8,211,271	\$ 38,039,183
LT Uncertified Spec. Assmts. Rec. (Noncurrent)	121,590,140	-	121,590,140
Capital Assets (net of accumulated depreciation)	99,039,741	192,346,657	291,386,398
Total Assets	<u>\$250,457,793</u>	<u>\$200,557,928</u>	<u>\$451,015,721</u>
LIABILITIES:			
Current Liabilities	\$ 17,766,726	\$ 753,196	\$ 18,519,922
Long-Term Liabilities	149,314,163	15,399,965	164,714,128
Total Liabilities	<u>\$167,080,889</u>	<u>\$ 16,153,161</u>	<u>\$183,234,050</u>
NET POSITION:			
Invested in Capital Assets	\$ 58,424,881	\$176,706,657	\$235,131,538
Restricted	34,789,736	-	34,789,736
Unrestricted	(9,837,713)	7,698,110	(2,139,603)
Total Net Position	<u>\$ 83,376,904</u>	<u>\$184,404,767</u>	<u>\$267,781,671</u>

TABLE II
CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES
As of December 31, 2014 AND 2013

	FY2014	FY2013
Revenues		
<u>Program Revenues:</u>		
Charges for Services	\$ 2,127,116	\$ 2,094,245
Operating Grants & Contributions	2,679,753	3,665,925
Capital Grants & Contributions	23,093,317	21,452,116
<u>General Revenues:</u>		
Total Taxes	13,508,494	11,626,269
Non restricted Grants & Contributions	2,321,786	2,102,752
Unrestricted Investment Earnings	70,871	75,204
Miscellaneous Revenue	3,893,469	3,960,400
Total Revenues	<u>\$ 47,694,806</u>	<u>\$ 44,976,911</u>
Expenses		
General Government	\$ 2,834,684	\$ 2,674,934
Public Safety	6,353,413	5,989,875
Highways & Streets/Public Works	13,079,143	8,967,171
Culture and Recreation	856,156	800,051
Economic Development	144,647	42,145
Other	199,895	152,341
Special Assessments	132,403	262,554
Interest and Service Charges	5,293,443	4,918,636
Bond Issuance Costs	411,611	346,160
Total Expenses	<u>\$ 29,305,395</u>	<u>\$ 24,153,867</u>
Change in Net Position (before transfers)	<u>\$ 18,389,411</u>	<u>\$ 20,823,044</u>
Net Transfers	<u>\$(33,324,248)</u>	<u>\$(21,062,677)</u>
Change in Net Position	<u>\$(14,934,837)</u>	<u>\$ (239,633)</u>
Net Position – January 1	\$ 83,376,904	\$ 83,812,817
Prior Period Adjustment	10,998	(196,280)
Net Position – January 1, as restated	<u>\$ 83,387,902</u>	<u>\$ 83,616,537</u>
Net Position – December 31	<u>\$ 68,453,065</u>	<u>\$ 83,376,904</u>

- Taxes increase -- increase in taxable valuation, and large increase in sales taxes in 2014;

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

- Operating grants/contributions decrease -- public works -- large decrease in highway tax in 2014;
- Capital grants/contributions -- increase due to more projects being certified in 2014;
- Public work expenses -- increase -- large increase in depreciation expense and in repair expenses (wells, etc.);

TABLE II
CHANGES IN NET POSITION – BUSINESS-TYPE ACTIVITIES
 As of December 31, 2014 AND 2013

Revenues	FY2014	FY2013
<u>Program Revenues:</u>		
Charges for Services - Total	\$ 8,374,609	\$ 7,923,818
<u>General Revenues:</u>		
Unrestricted Investment Earnings	10,957	12,578
Miscellaneous Revenue	317,983	56,773
Total Revenues & Other	<u>\$ 8,703,549</u>	<u>\$ 7,993,169</u>
Expenses		
Water Operating Expenses	\$ 10,900,574	\$ 9,491,352
Sewer Operating Expenses	2,571,475	2,570,872
Interest & Service Charges & Misc. Exp.	1,056,688	662,070
Total Expenses	<u>\$ 14,528,737</u>	<u>\$ 12,724,294</u>
Change in Net Position	<u>\$ (5,825,188)</u>	<u>\$ (4,731,125)</u>
Net Transfers	<u>\$ 33,324,249</u>	<u>\$ 21,062,678</u>
Change in Net Position	<u>\$ 27,499,061</u>	<u>\$ 16,331,553</u>
Net Position – January 1	\$184,404,767	\$168,065,354
Prior Period Adjustment	-	7,860
Net Position – January 1, as restated	<u>\$184,404,767</u>	<u>\$168,073,214</u>
Net Position – December 31	<u>\$211,903,828</u>	<u>\$184,404,767</u>

Operating expenses - increase in salaries and repairs (wells, etc.);

TABLE II
CHANGES IN NET POSITION - TOTALS
 As of December 31, 2014

Revenues	Governmental Activities	Enterprise	Total
<u>Program Revenues:</u>			
Charges for Services	\$ 2,127,116	\$ 8,374,609	\$ 10,501,725
Operating Grants & Contributions	2,679,753	-	2,679,753
Capital Grants & Contributions	23,093,317	-	23,093,317
<u>General Revenues:</u>			
Total Taxes	13,508,494	-	13,508,494
Non restricted Grants & Contributions	2,321,786	-	2,321,786
Unrestricted Investment Earnings	70,871	10,957	81,828
Miscellaneous Revenue	3,893,469	317,983	4,211,452
Total Revenues	<u>\$ 47,694,806</u>	<u>\$ 8,703,549</u>	<u>\$ 56,398,355</u>
Expenses			
General Government	\$ 2,834,684	\$ -	\$ 2,834,684
Public Safety	6,353,413	-	6,353,413
Highways & Streets/Public Works	13,079,143	-	13,079,143
Culture and Recreation	856,156	-	856,156
Economic Development	144,647	-	144,647
Other	199,895	-	199,895
Special Assessments	132,403	-	132,403
Interest and Service Charges	5,293,443	-	5,293,443
Bond Issuance Costs	411,611	-	411,611
Water and Sewer	-	11,890,989	11,890,989
Garbage and Sanitation	-	2,637,748	2,637,748
Total Expenses	<u>\$ 29,305,395</u>	<u>\$ 14,528,737</u>	<u>\$ 43,834,132</u>

TABLE CONTINUED ON NEXT PAGE....

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

CONTINUED....

**TABLE II
CHANGES IN NET POSITION - TOTALS**

As of December 31, 2014

Change in Net Position (before transfers)	\$ 18,389,411	\$ (5,825,188)	\$ 12,564,223
Net Transfers	\$(33,324,248)	\$ 33,324,249	\$ 1
Change in Net Position	\$(14,934,837)	\$ 27,499,061	\$ 12,564,224
Net Position – January 1	\$ 83,376,904	\$184,404,767	\$267,781,671
Prior Period Adjustment	10,998	-	10,998
Net Position – January 1, as restated	\$ 83,387,902	\$184,404,767	\$267,792,669
Net Position – December 31	\$ 68,453,065	\$211,903,828	\$280,356,893

**TABLE II
CHANGES IN NET POSITION - TOTALS**

As of December 31, 2013

	Governmental Activities	Enterprise	Total
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$ 2,094,245	\$ 7,923,818	\$ 10,018,063
Operating Grants & Contributions	3,665,925	-	3,665,925
Capital Grants & Contributions	21,452,116	-	21,452,116
<u>General Revenues:</u>			
Total Taxes	11,626,269	-	11,626,269
Non restricted Grants & Contributions	2,102,752	-	2,102,752
Unrestricted Investment Earnings	75,204	12,578	87,782
Miscellaneous Revenue	3,960,400	56,773	4,017,173
Total Revenues	\$ 44,976,911	\$ 7,993,169	\$ 52,970,080
Expenses			
General Government	\$ 2,674,934	\$ -	\$ 2,674,934
Public Safety	5,989,875	-	5,989,875
Highways & Streets/Public Works	8,967,171	-	8,967,171
Culture and Recreation	800,051	-	800,051
Economic Development	42,145	-	42,145
Other	152,341	-	152,341
Special Assessments	262,554	-	262,554
Interest and Service Charges	4,918,636	-	4,918,636
Bond Issuance Costs	346,160	-	346,160
Water and Sewer	-	10,153,399	10,153,399
Garbage and Sanitation	-	2,570,895	2,570,895
Total Expenses	\$ 24,153,867	\$ 12,724,294	\$ 36,878,161
Change in Net Position (before transfers)	\$ 20,823,044	\$ (4,731,125)	\$ 16,091,919
Net Transfers	\$(21,062,677)	\$ 21,062,678	\$ 1
Change in Net Position	\$ (239,633)	\$ 16,331,553	\$ 16,091,920
Net Position – January 1	\$ 83,812,817	\$168,065,354	\$251,878,171
Prior Period Adjustment	(196,280)	7,860	(188,420)
Net Position – January 1, as restated	\$ 83,616,537	\$168,073,214	\$251,689,751
Net Position – December 31	\$ 83,376,904	\$184,404,767	\$267,781,671

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

A portion of the City of West Fargo's governmental activities net position totaling \$31,030,256 represents resources that are subject to external restrictions on how they may be used (debt service, general government, highways & streets/public works, public safety, economic development, culture & recreation, loans, capital projects, and other. Amounts shown as net investment in capital assets amounted to a net positive balance of \$254,655,968 (governmental activities of \$50,908,720 & business type activities positive total of \$203,747,248.) These net investments in capital assets are not available for future spending. Although the City of West Fargo's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. The remaining balance of *unrestricted net position* is a total negative government-wide amount of (\$5,329,331) Unrestricted net position is to be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position of business type activities was positive \$8,156,580 and the governmental activities was negative (\$13,485,911). At the end of the 2014, the City of West Fargo is able to report positive balances of net position for the government as a whole in two categories, and two of three categories for its separate governmental activities, while the business-type activities showed positive balances in the two applicable categories. The City of West Fargo's total net position increased by a total of \$12.5 million (4.7%) for the year ended December 31, 2014. The main reason for the increase was \$32.47 million of transfers of infrastructure/construction in progress from governmental activities to business-type activities for completed projects, increase in capital grants and contributions of \$1.64 million and approximately \$6.4 million in new long-term uncertified special assessments receivable.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City of West Fargo's *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. The City of West Fargo implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended December 31, 2012. The City of West Fargo implemented the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. GASB 54 defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Such information is useful in assessing the City of West Fargo's financing requirements. In particular, *unassigned general fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The unassigned fund balance of the general fund was \$15,805,502. The remainder of unassigned fund balances is a negative (\$29,326,194) which includes large negative cash amounts primarily reported in capital projects funds. It is noted that each capital project fund is eventually zeroed out from transfers in and debt proceeds. Debt isn't issued for capital projects funds until the projects are well under way or nearly completed and have incurred significant costs. As of the end of the current fiscal year, the City of West Fargo's governmental funds reported combined ending fund balances of \$20,597,339. \$1,715,643 of fund balance has been reported as non-spendable for the loan receivable reported in the general fund, debt service fund, economic development fund. The remainder of fund balances (other than unassigned) totaling \$32,402,388 *is restricted or committed* to indicate that it is not available for new spending because it has already been restricted for general government (\$333,046), public safety (\$186,798), public works/streets (\$1,770,774), culture & recreation (\$514,294), economic development (\$143,323), other (\$211,717), and committed from sales tax revenues (\$2,561,066) and for future building (\$6,573,992), and to pay debt service (\$20,107,378) for capital improvements.

The general fund is the chief operating fund of the City of West Fargo. At the end of the current fiscal year, unassigned fund balance of the general fund was \$15,805,502. Unassigned fund balance represented 162% of total 2014 general fund expenditures.

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

The fund balance of the City of West Fargo's general fund increased \$2.60 million during the current fiscal year. The general fund balance increase was due to transfers in of \$2,069,764 from construction funds for administration and from the municipal highway fund. Total fund balances decreased by \$7.15 million (consisting of mainly to capital outlays which increased by \$16.4 million).

The fund balance of the sales tax fund decreased by \$2.6 million due to funding of a large capital project with those funds. The ending fund balance of the sales tax fund was \$2,561,066.

The debt service fund has a total ending fund balance of \$21,707,378, all of which is restricted for the payment of debt service (\$20,107,378), or considered non-spendable related to loans (\$1,600,000).

Proprietary Funds

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

Unrestricted net position of the Health and Sanitation Fund totaled \$1,823,847 for Health and Sanitation Funds, and \$6,332,733 for Water and Sewer Funds for a total of \$8,156,580. Unrestricted net position increased by \$458,470 primarily due to increases in charges for services such as water purchases and inert landfill fees. Net investment in capital assets was \$1,942,566 for the Health & Sanitation Fund and \$201,804,682 in the Water & Sewer Fund for a total of \$203,747,248. The net total overall growth in net position for these funds was \$27,040,591. The entirety of this increase is attributable to a transfer of capital assets from governmental activities of \$32.47 million.

General Fund Budgetary Highlights

The city did not amend the original general budget (reserve) revenues but did amend expenditures during the year ended December 31, 2014.

- Revenue was more than expected amounts by \$1,367,635 (15.24%). Transfers in totaled \$2,069,764, while the budgeted transfers were \$1,605,000.
- Expenditures were below appropriations by \$724,419 in the general fund, or 6.91% with no budget amendments. The transfers out budget \$600,000, while actual transfers out totaled \$55,101.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of West Fargo's investment in capital assets for its governmental (\$109,438,378) and business-type (\$218,817,248) activities as of December 31, 2014, amounted to \$328,255,626 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, machinery and equipment, improvements to land, and construction in progress. This is an increase of \$10.4 million for governmental activities, or 10.50% from 2013 ending amounts. This is an increase of \$26.5 million for business-type activities, or 13.76% from 2013 ending amounts.

Major capital asset events during the current fiscal year included new street, street lights, storm sewer, and sewer and water projects capitalized in infrastructure and construction in progress in new subdivisions throughout the city, including the widening of 40th Avenue and additions to the sewer Stabilization bonds.

CITY OF WEST FARGO

Management's Discussion & Analysis - Continued

TABLE III
CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES
 (Net of Accumulated Depreciation)
 December 31, 2014 and 2013

	12-31-14	12-31-13
Land	\$ 7,862,632	\$ 7,862,632
Construction in Progress	34,489,585	24,658,618
Land Improvements	11,862	12,318
Buildings	1,288,861	1,359,875
Equipment	1,794,565	1,555,426
Infrastructure	63,990,873	63,590,872
Total Capital Assets (net of accumulated depreciation)	\$109,438,378	\$99,039,741

TABLE III
CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES
 (Net of Accumulated Depreciation)
 December 31, 2014 and 2013

	12-31-14	12-31-13
Land	\$ 1,075,426	\$ 835,634
Buildings	2,063,077	2,110,518
Equipment	1,809,299	1,8251,747
Infrastructure	213,869,446	187,548,758
Total Capital Assets (net of accumulated depreciation)	\$218,817,248	\$192,346,657

Long-Term Debt

At year-end 2014 the City had total debt in governmental activities and enterprise activities of \$201,625,000 (excluding compensated absences), a net overall increase of \$23,780,000 (13.37%) over the prior year. Notes 1D.5 and 4E to the financial statements describe the City's long-term debt in greater detail.

The City issued new debt for Special Assessment Refunding Bonds in the amount of \$38,210,000. This debt was issued for various special assessment capital construction projects.

During the year ended December 31, 2014, the City's bond rating is at Aa 3.

TABLE IV
OUTSTANDING LONG-TERM DEBT
 As of December 31, 2014

	Total Outstanding Dec. 31, 2013	Increases	Decreases	Total Outstanding Dec. 31, 2014	Due Within One Year
Governmental Activities:					
G.O. Bonds	\$ 8,425,000	\$ -	\$ 650,000	\$ 7,775,000	\$ 670,000
Sales Tax Bonds	2,020,000	-	165,000	1,855,000	170,000
Special Assessment Bonds	150,790,000	38,210,000	13,005,000	175,995,000	13,700,000
TIF Bonds	970,000	-	40,000	930,000	45,000
Compensated Absences	1,076,847	-	46,844	1,030,003	103,000
Total Governmental Activities	\$163,281,847	\$38,210,000	\$13,906,844	\$187,585,003	\$14,688,000
Business-Type Activities:					
Sewer Bonds	\$ 15,640,000	\$ -	\$ 570,000	\$ 15,070,000	\$ 590,000
Compensated Absences	366,628	-	38,088	328,540	32,854
Total Business-Type Activities	\$ 16,006,628	\$ -	\$ 608,088	\$ 15,398,540	\$ 622,854

TABLE IV
OUTSTANDING LONG-TERM DEBT
 As of December 31, 2013

	Total			Total	
	Outstanding	Increases	Decreases	Outstanding	Due Within
	Dec. 31, 2012			Dec. 31, 2013	One Year
Governmental Activities:					
G.O. Bonds	\$ 9,065,000	\$ -	\$ 640,000	\$ 8,425,000	\$ 650,000
Sales Tax Bonds	2,060,000	-	40,000	2,020,000	165,000
Special Assessment Bonds	135,790,000	29,530,000	14,530,000	150,790,000	13,005,000
TIF Bonds	1,010,000	-	40,000	970,000	40,000
Compensated Absences	982,280	94,567	-	1,076,847	107,684
Total Governmental Activities	\$148,907,280	\$29,624,567	\$15,250,000	\$163,281,847	\$13,967,684
Business-Type Activities:					
Sewer Bonds	\$ 16,195,000	\$ -	\$ 555,000	\$ 15,640,000	\$ 570,000
Compensated Absences	411,061	-	44,433	366,628	36,663
Total Business-Type Activities	\$ 16,606,061	\$ -	599,433	\$ 16,006,628	\$ 606,663

* - The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Projects in 2014 that boosted the economy in West Fargo included the addition of \$50,460,000 in various street, water and sewer, storm sewer, street lighting projects in various new subdivisions of the city. Also the city issued 430 single family building permits in 2014 along with 111 townhome and 441 apartment units and 42 new construction Commercial permits. The City anticipated that the level on new construction will increase in 2015. The value of a mill for the City is expected to increase from \$98,510 to \$112,915 per mill.

The total operation appropriations for the year 2014 increased by approximately \$13,418,139 from 2013. This 38.5% increase is caused primarily by increases in Capital Purchases (planned new building construction), increased employee salaries and benefits and increased debt service payments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives to the citizens of West Fargo. If you have any questions about this report or need further information, contact the City of West Fargo Finance Department, 800 4th Ave. E., West Fargo, ND 58078 or visit us online at www.westfargond.gov.

CITY OF WEST FARGO
West Fargo, North Dakota
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 20,234,421	\$ 8,028,151	\$ 28,262,572
Accounts receivable	179,483	589,951	769,434
Intergovernmental receivable	1,583,080	-	1,583,080
Loan receivable	1,715,643	-	1,715,643
Taxes receivable	60,967	-	60,967
Special assessments receivable - current	210,073	-	210,073
Long-Term Receivable:			
Long-term special assessments receivable	128,025,342	-	128,025,342
Capital Assets not being depreciated:			
Land	7,862,632	1,075,426	8,938,058
Construction in progress	34,489,585	-	34,489,585
Capital Assets being depreciated:			
Improvements to land	11,862	-	11,862
Buildings	1,288,861	2,063,077	3,351,938
Equipment	1,794,565	1,809,299	3,603,864
Infrastructure	63,990,873	213,869,446	277,860,319
Total Capital Assets	<u>\$ 109,438,378</u>	<u>\$ 218,817,248</u>	<u>\$ 328,255,626</u>
Total Assets	<u>\$ 261,447,387</u>	<u>\$ 227,435,350</u>	<u>\$ 488,882,737</u>
LIABILITIES:			
Current Liabilities:			
Accounts & accrued expenses payable	\$ 180,208	\$ 19,575	\$ 199,783
Construction payable	2,935,080	-	2,935,080
Retainages payable	1,385,316	-	1,385,316
Interest payable	908,715	113,408	1,022,123
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Bonds payable	14,585,000	590,000	15,175,000
Compensated absences	103,000	32,854	135,854
Portion Due or Payable After One Year:			
Bonds payable	171,970,000	14,480,000	186,450,000
Compensated absences	927,003	295,685	1,222,688
Total Liabilities	<u>\$ 192,994,322</u>	<u>\$ 15,531,522</u>	<u>\$ 208,525,844</u>
NET POSITION:			
Net investment in capital assets	\$ 50,908,720	\$ 203,747,248	\$ 254,655,968
Restricted for:			
General government	150,901	-	150,901
Public safety	6,088,597	-	6,088,597
Public works/streets	275,392	-	275,392
Culture & recreation	460,196	-	460,196
Economic development	143,323	-	143,323
Other special purposes	213,862	-	213,862
Building/capital projects	2,561,066	-	2,561,066
Debt service	19,421,276	-	19,421,276
Loans	1,715,643	-	1,715,643
Unrestricted	<u>(13,485,911)</u>	<u>8,156,580</u>	<u>(5,329,331)</u>
Total Net Position	<u>\$ 68,453,065</u>	<u>\$ 211,903,828</u>	<u>\$ 280,356,893</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, 2014

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
Primary Government:							
Governmental Activities:							
General government	\$ 2,834,684	\$ 1,006,250	\$ 85,298	\$ -	\$ (1,743,136)		\$ (1,743,136)
Public safety	6,353,413	830,700	508,413	-	(5,014,300)		(5,014,300)
Public works/streets	13,079,143	277,779	2,056,937	23,093,317	12,348,890		12,348,890
Economic development	144,647	-	-	-	(144,647)		(144,647)
Culture and recreation	856,156	12,387	6,113	-	(837,656)		(837,656)
Miscellaneous/other	199,895	-	22,992	-	(176,903)		(176,903)
Special assessments	132,403	-	-	-	(132,403)		(132,403)
Interest & costs on long-term debt	5,293,443	-	-	-	(5,293,443)		(5,293,443)
Bond issuance costs	411,611	-	-	-	(411,611)		(411,611)
Total Governmental Activities	\$ 29,305,395	\$ 2,127,116	\$ 2,679,753	\$ 23,093,317	\$ (1,405,209)		\$ (1,405,209)
Business-Type Activities:							
Water and sewer	\$ 11,890,989	\$ 5,336,518	\$ -	\$ -	\$ -	\$ (6,554,471)	\$ (6,554,471)
Health and sanitation	2,637,748	3,038,091	-	-	-	400,343	400,343
Total Business-Type Activities	\$ 14,528,737	\$ 8,374,609	\$ -	\$ -	\$ -	\$ (6,154,128)	\$ (6,154,128)
Total Primary Government	\$ 43,834,132	\$ 10,501,725	\$ 2,679,753	\$ 23,093,317	\$ (1,405,209)	\$ (6,154,128)	\$ (7,559,337)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 5,794,179	\$ -	\$ 5,794,179
Property taxes, levied for debt service					879,203	-	879,203
Property taxes, levied for special purposes					1,999,489	-	1,999,489
Sales taxes					4,835,623	-	4,835,623
State aid distribution & other unrestricted revenues					2,321,786	-	2,321,786
Unrestricted investment interest earnings					70,871	10,957	81,828
Miscellaneous income					3,893,469	317,983	4,211,452
Transfers					(33,324,248)	33,324,249	1
Total General Revenues and Transfers					\$ (13,529,628)	\$ 33,653,189	\$ 20,123,561
Change in Net Position					\$ (14,934,837)	\$ 27,499,061	\$ 12,564,224
Net Position - January 1					\$ 83,376,904	\$ 184,404,767	\$ 267,781,671
Prior Period Adjustments					10,998	-	10,998
Net Position - January 1, as restated					\$ 83,387,902	\$ 184,404,767	\$ 267,792,669
Net Position - December 31					\$ 68,453,065	\$ 211,903,828	\$ 280,356,893

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, 2014

	General Fund	Sales Tax Fund	Debt Service Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,897,701	\$ 1,845,045	\$ -	\$ -	\$ 9,491,675	\$ 20,234,421
Accounts receivable	107,024	-	-	52,349	20,110	179,483
Intergovernmental receivable	644,605	716,021	-	-	222,454	1,583,080
Loan receivable	-	-	1,600,000	-	115,643	1,715,643
Taxes receivable	34,781	-	12,540	-	13,646	60,967
Special assessments receivable - current	-	-	210,073	-	-	210,073
Special assessments receivable - deferred	-	-	128,025,342	-	-	128,025,342
Due from other city funds	6,173,416	-	20,107,378	-	-	26,280,794
Total Assets	\$ 15,857,527	\$ 2,561,066	\$ 149,955,333	\$ 52,349	\$ 9,863,528	\$ 178,289,803
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Liabilities:						
Accounts & accrued expenses payable	\$ 17,244	\$ -	\$ -	\$ 162,669	\$ 295	\$ 180,208
Construction payable	-	-	-	2,935,080	-	2,935,080
Due to other city funds	-	-	-	26,280,794	-	26,280,794
Total Liabilities	\$ 17,244	\$ -	\$ -	\$ 29,378,543	\$ 295	\$ 29,396,082
Deferred Inflows of Resources						
Deferred taxes & special assmts. rec.	\$ 34,781	\$ -	\$ 128,247,955	\$ -	\$ 13,646	\$ 128,296,382
Total Liabilities & Deferred Inflows of Resources	\$ 52,025	\$ -	\$ 128,247,955	\$ 29,378,543	\$ 13,941	\$ 157,692,464
Fund Balances:						
Non-Spendable:						
Loans receivable	\$ -	\$ -	\$ 1,600,000	\$ -	\$ 115,643	\$ 1,715,643
Restricted:						
Debt service	-	-	20,107,378	-	-	20,107,378
General government	-	-	-	-	333,046	333,046
Public safety	-	-	-	-	186,798	186,798
Public works/streets	-	-	-	-	1,770,774	1,770,774
Culture & recreation	-	-	-	-	514,294	514,294
Economic development	-	-	-	-	143,323	143,323
Other	-	-	-	-	211,717	211,717
Committed:						
Sales tax fund	-	2,561,066	-	-	-	2,561,066
Future building fund	-	-	-	-	6,573,992	6,573,992
Unassigned:						
Negative fund balances	-	-	-	(29,326,194)	-	(29,326,194)
General fund	15,805,502	-	-	-	-	15,805,502
Total Fund Balances	\$ 15,805,502	\$ 2,561,066	\$ 21,707,378	\$ (29,326,194)	\$ 9,849,587	\$ 20,597,339
Total Liabilities and Fund Balances	\$ 15,857,527	\$ 2,561,066	\$ 149,955,333	\$ 52,349	\$ 9,863,528	\$ 178,289,803

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, 2014

Total *Fund Balances* for Governmental Funds \$ 20,597,339

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)	\$ 7,862,632	
Construction in progress (not depreciated)	34,489,585	
Infrastructure, net of (\$41,091,202) accumulated depreciation	63,990,873	
Land Improvements, net of (\$1,825) accumulated depreciation	11,862	
Buildings, net of (\$1,043,140) accumulated depreciation	1,288,861	
Equipment, net of (\$1,888,648) accumulated depreciation	<u>1,794,565</u>	
Total Capital Assets		109,438,378

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	\$ 128,025,342	
Uncollected Taxes Receivable	60,967	
Special Assessments Receivable	<u>210,073</u>	128,296,382

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. (1,385,316)

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, 2014 are:

Accrued Interest on Bonds	\$ (908,715)	
Bonds Payable	(186,555,000)	
Compensated Absences	<u>(1,030,003)</u>	
Total Long-Term Liabilities		<u>(188,493,718)</u>

Total Net Position of Governmental Activities \$ 68,453,065

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, 2014

	General Fund	Sales Tax Fund	Debt Service Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Taxes	\$ 5,822,018	\$ -	\$ 867,114	\$ -	\$ 2,008,397	\$ 8,697,529
Special assessments	-	-	16,542,610	-	161,114	16,703,724
Sales taxes	-	4,835,623	-	-	-	4,835,623
Licenses, permits and fees	1,034,748	-	-	-	-	1,034,748
Charges for services	-	-	-	127,193	639,490	766,683
Intergovernmental	2,986,462	-	-	-	2,015,077	5,001,539
Fines, forfeitures and penalties	325,685	-	-	-	-	325,685
Interest on investments	22,335	7,292	22,830	1,584	16,830	70,871
Miscellaneous	150,078	-	3,596,634	-	146,757	3,893,469
Total Revenues	\$ 10,341,326	\$ 4,842,915	\$ 21,029,188	\$ 128,777	\$ 4,987,665	\$ 41,329,871
<u>Expenditures:</u>						
Current:						
General government	\$ 2,603,903	\$ -	\$ -	\$ -	\$ 472,582	\$ 3,076,485
Public safety	5,108,616	-	-	-	1,231,675	6,340,291
Public works/streets	2,045,459	-	-	-	152,335	2,197,794
Economic development	-	-	139,918	-	4,729	144,647
Culture and recreation	-	-	-	-	855,674	855,674
Other	-	-	-	-	191,086	191,086
Capital Outlay	-	-	-	50,051,840	3,608,560	53,660,400
Debt Service:						
Principal - Bonds	-	-	13,860,000	-	-	13,860,000
Interest	-	-	5,032,800	-	-	5,032,800
Fiscal charges & fees	-	-	171,696	-	-	171,696
Bond issuance costs	-	-	-	411,611	-	411,611
Special Assessments	-	-	-	-	132,403	132,403
Total Expenditures	\$ 9,757,978	\$ -	\$ 19,204,414	\$ 50,463,451	\$ 6,649,044	\$ 86,074,887
Excess (Deficiency) of Revenues Over Expenditures	\$ 583,348	\$ 4,842,915	\$ 1,824,774	\$ (50,334,674)	\$ (1,661,379)	\$ (44,745,016)
<u>Other Financing Sources (Uses):</u>						
Proceeds from bond sale	\$ -	\$ -	\$ -	\$ 38,210,000	\$ -	\$ 38,210,000
Transfers in	2,069,764	-	1,295,996	6,220,025	2,311,721	11,897,506
Transfers out	(55,101)	(7,424,360)	(2,589,561)	(563,667)	(1,879,240)	(12,511,929)
Total Other Financing Sources and Uses	\$ 2,014,663	\$(7,424,360)	\$(1,293,565)	\$ 43,866,358	\$ 432,481	\$ 37,595,577
Net Change in Fund Balances	\$ 2,598,011	\$(2,581,445)	\$ 531,209	\$ (6,468,316)	\$ (1,228,898)	\$ (7,149,439)
Fund Balances - January 1	\$ 13,189,809	\$ 5,142,511	\$ 21,176,169	\$ (22,857,878)	\$ 11,078,485	\$ 27,729,096
Prior Period Adjustments	17,682	-	-	-	-	17,682
Fund Balances - Jan. 1, as restated	\$ 13,207,491	\$ 5,142,511	\$ 21,176,169	\$ (22,857,878)	\$ 11,078,485	\$ 27,746,778
Fund Balances - December 31	\$ 15,805,502	\$ 2,561,066	\$ 21,707,378	\$ (29,326,194)	\$ 9,849,587	\$ 20,597,339

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, 2014

Net Change in *Fund Balances* - Total Governmental Funds \$ (7,149,439)

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 and exceeded depreciation, losses on disposals and transfers of capital assets in the current period:

Capital Asset Additions	\$ 48,696,391	
Transfer of Capital Assets to Enterprise Activities	(32,709,825)	
Depreciation on Capital Assets	(5,271,026)	
Losses on Disposal of Capital Assets	<u>(310,219)</u>	10,405,321

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	\$ (38,210,000)	
Repayments:		
Bond Principal	<u>13,860,000</u>	(24,350,000)

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	\$ 46,844	
Net Change in Retainages Payable	(163,551)	
Net Change in Interest Payable	<u>(88,947)</u>	(205,654)

LT 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 LT 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: 6,435,202

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	(24,658)
Net Change in Special Assessments Receivable	<u>(45,609)</u>

Change in Net Position of Governmental Activities \$ (14,934,837)

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, 2014

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Funds	Sanitation & Health Fund	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 6,355,811	\$ 1,672,340	\$ 8,028,151
Accounts receivable	344,465	245,486	589,951
Total Current Assets	<u>\$ 6,700,276</u>	<u>\$ 1,917,826</u>	<u>\$ 8,618,102</u>
Noncurrent Assets:			
Capital Assets not being depreciated:			
Land	\$ 1,075,426	\$ -	\$ 1,075,426
Capital Assets being depreciated:			
Building	1,153,640	909,437	2,063,077
Equipment	776,170	1,033,129	1,809,299
Infrastructure	213,869,446	-	213,869,446
Total Noncurrent Assets	<u>\$ 216,874,682</u>	<u>\$ 1,942,566</u>	<u>\$ 218,817,248</u>
Total Assets	<u>\$ 223,574,958</u>	<u>\$ 3,860,392</u>	<u>\$ 227,435,350</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 4,608	\$ 14,967	\$ 19,575
Interest payable	113,408	-	113,408
Bonds payable	590,000	-	590,000
Compensated absences	24,953	7,901	32,854
Total Current Liabilities	<u>\$ 732,969</u>	<u>\$ 22,868</u>	<u>\$ 755,837</u>
Noncurrent Liabilities:			
Bonds payable	\$ 14,480,000	\$ -	\$ 14,480,000
Compensated absences	224,574	71,111	295,685
Total Noncurrent Liabilities	<u>\$ 14,704,574</u>	<u>\$ 71,111</u>	<u>\$ 14,775,685</u>
Total Liabilities	<u>\$ 15,437,543</u>	<u>\$ 93,979</u>	<u>\$ 15,531,522</u>
NET POSITION			
Net investment in capital assets	\$ 201,804,682	\$ 1,942,566	\$ 203,747,248
Unrestricted	6,332,733	1,823,847	8,156,580
Total Net Position	<u>\$ 208,137,415</u>	<u>\$ 3,766,413</u>	<u>\$ 211,903,828</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, 2014

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Funds	Sanitation & Health Fund	Total
<u>Operating Revenues:</u>			
Charges for sales services	\$ 5,336,518	\$ 3,038,091	\$ 8,374,609
<u>Operating Expenses:</u>			
Water and sewer operating	\$ 4,553,586	\$ -	\$ 4,553,586
Sanitation operating	-	2,378,735	2,378,735
Depreciation	6,346,988	192,740	6,539,728
Total Operating Expenses	\$ 10,900,574	\$ 2,571,475	\$ 13,472,049
Operating Income	\$ (5,564,056)	\$ 466,616	\$ (5,097,440)
<u>Nonoperating Revenues (Expenses):</u>			
Investment earnings	\$ 8,948	\$ 2,009	\$ 10,957
Miscellaneous revenue	317,983	-	317,983
Miscellaneous expense	(257,913)	(66,273)	(324,186)
Interest expense & fees on long-term debt	(696,867)	-	(696,867)
Loss on capital assets	(35,635)	-	(35,635)
Total Nonoperating Revenue (Expenses)	\$ (663,484)	\$ (64,264)	\$ (727,748)
Income Before Transfers	\$ (6,227,540)	\$ 402,352	\$ (5,825,188)
Transfers in (cash)	\$ 614,484	\$ -	\$ 614,484
Transfers in (govt. activities capital assets)	32,709,825	-	32,709,825
Transfers out (cash)	-	(60)	(60)
Total net transfers	\$ 33,324,309	\$ (60)	\$ 33,324,249
Changes in Net Position	\$ 27,096,769	\$ 402,292	\$ 27,499,061
Net Position - January 1	\$ 181,040,646	\$ 3,364,121	\$ 184,404,767
Net Position - December 31	\$ 208,137,415	\$ 3,766,413	\$ 211,903,828

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, 2014

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Operating	Sanitation & Health Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers and users	\$ 5,325,319	\$ 3,036,107	\$ 8,361,426
Payments to suppliers	(2,922,986)	(1,146,989)	(4,069,975)
Payments to employees	(1,675,618)	(1,235,544)	(2,911,162)
Net Cash Provided by Operating Activities	\$ 726,715	\$ 653,574	\$ 1,380,289
<u>Cash Flows from Noncapital Financing Activities:</u>			
Miscellaneous receipts	\$ 119,014	\$ -	\$ 119,014
Miscellaneous disbursements	(257,912)	(66,273)	(324,185)
Maintenance agreement revenue	59,937	-	59,937
Transfer in	614,484	-	614,484
Transfers out	-	(60)	(60)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 535,523	\$ (66,333)	\$ 469,190
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal paid on capital debt	\$ (570,000)	\$ -	\$ (570,000)
Interest & fees paid on capital debt	(699,692)	-	(699,692)
Interest subsidy (build America bonds)	139,032	-	139,032
Construction & purchases of capital assets	(148,464)	(187,665)	(336,129)
Net Cash Used by Capital and Related Financing Activities	\$ (1,279,124)	\$ (187,665)	\$ (1,466,789)
<u>Cash Flows from Investing Activities:</u>			
Interest income	\$ 8,948	\$ 2,009	\$ 10,957
Net Increase in Cash and Cash Equivalents	\$ (7,938)	\$ 401,585	\$ 393,647
Cash and Cash Equivalents - January 1	\$ 6,363,749	\$ 1,270,755	\$ 7,634,504
Cash and Cash Equivalents - December 31	\$ 6,355,811	\$ 1,672,340	\$ 8,028,151
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating income (loss)	\$ (5,564,056)	\$ 466,616	\$ (5,097,440)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Depreciation expense	6,346,987	192,740	6,539,727
Decrease (increase) in utility billing receivables	(11,199)	(1,984)	(13,183)
Increase (decrease) in compensated absences	(20,539)	(17,551)	(38,090)
Net change in accrued payables	(24,478)	13,753	(10,725)
Net Cash Provided (Used) by Operating Activities	\$ 726,715	\$ 653,574	\$ 1,380,289

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

CITY OF WEST FARGO
West Fargo, North Dakota

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2014

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash and investments	<u>\$ 841,971</u>
Total Assets	<u><u>\$ 841,971</u></u>
<u>LIABILITIES:</u>	
Accounts payable	\$ 283,312
Due to others	<u>558,659</u>
Total Liabilities	<u><u>\$ 841,971</u></u>

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

CITY OF WEST FARGO
West Fargo, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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 proprietary 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

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 principals' 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: Assets, Liabilities and Fund Balances/Net Position

1. 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.

2. 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 1st of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1st of the year following the assessment date. A 5% reduction of the taxes is allowed if the taxes are paid in full by February 15th.

Penalty and interest are added on March 1st if the first half of the year taxes is not paid. Additional penalty and interest are added October 15th 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.

3. 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:

Assets	Years
Buildings	30-50
Equipment	5-20
Vehicles	5-10
Infrastructure	20-40

4. 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 four hours per month for from one to five years of service and eight hours per month of continuous service after five years. A maximum of 480 hours 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.

5. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds 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.

6. Fund Balances & Net Position

Prior to GASB Statement No. 54, in the fund financial statements, the governmental funds reported reservations of fund balances for amounts that were not available for appropriation or were legally restricted by outside parties for use for a specific purpose. Designations of fund balances represented tentative management plans that were subject to change. GASB Statement No. 54 established new fund balance spending priorities, minimum fund balance policies, and fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

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

On March 11, 2009 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal periods that begin after June 15, 2010. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

CLASSIFICATION	DEFINITION	EXAMPLES
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, 2014.

Non-spendable fund balances are reported in various debt service funds (3730, 3982, & 3983) totaling \$1,600,000 for loans receivable, and Economic Development loans receivable of \$115,643 for a total of \$1,715,643.

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Restricted fund balances are reported for the debt service fund of \$20,107,378 and various functions within the special revenue funds for restricted tax levies, and amounts restricted by state and federal grants/contracts totaling \$3,159,952.

Committed fund balances are reported for the sales tax fund of \$2,561,066, committed by the governing board to close out various capital projects and for debt service, and the Future Building Fund in the amount of \$6,573,992 also committed by the governing board for construction which started in 2014.

Unassigned fund balances are reported for the general fund \$15,805,502 and for negative fund balances reported in the capital projects fund \$(29,326,194) for a total of \$(13,520,692).

Net Position:

Prior to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, net assets equity was reported in the statement of net assets. Subsequent to the issuance of GASB Statement No. 63, net position is reported in the statement of 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.

7. 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: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
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A: Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$47,855,726 differences are as follows on next page:

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Total Governmental Fund Balances		\$ 20,597,339
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		109,438,378
Other long-term assets are not available to pay current period expenditures and therefore are not reported in the funds (taxes & special assessments receivables)		128,296,382
Long-term liabilities, including bonds payable, accrued interest payable and others, and are not due and payable in the current period and not reported in the funds.		
Bonds Payable		(186,555,000)
Interest Payable		(908,715)
Retainages Payable		(1,385,316)
Compensated Absences Payable		(1,030,003)
Net Position of Governmental Activities		\$ 68,453,065

B: Explanation of certain differences between the governmental fund statements of revenue, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statements of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the useful lives and reported as depreciation expenses.” The details of the \$(7,785,398) difference are as follows:

Net Changes in Fund Balance-Governmental Funds		\$ (7,149,439)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount that capital outlay, exceeded depreciation, and capital asset losses,		43,115,146
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(88,947)
Accrued compensated absences reported in the statement of activities does not require current financial resources and therefore, are not reported as expenditures in the governmental funds.		46,844
Retainages payable reported in the statement of activities does not Require current financial resources and therefore, are not reported as Expenditures in the government funds.		(163,551)
Transfers of capital assets to enterprise funds are not reported in the fund financial statements, however, a transfer is reported To the enterprise funds and a transfer out is reported in the governmental activities at the government-wide level.		(32,709,825)

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

CONTINUED....

Because some property taxes will not be collected for several months after year-end, they are not considered as available revenues in the governmental funds. However, they are revenues in the statement of activities.	\$ (24,658)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the changes in fund balance. In the statement of net position, however the, issuing debt increases long-term liabilities and does not affect the statement of activities.	(38,210,000)
Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in statement of net position.	13,860,000
Special assessments levied in the current period are not considered as available revenues in the governmental funds, however they are revenues in the statement of activities. Likewise collection of current special assessments are reported as revenues in the governmental funds, however they are a reduction of the receivables in the statement of activities. The net effect is:	6,389,593
Change in Net Position of Governmental Activities	\$(14,934,837)

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted accounting in the United States of America (GAAP) for the General Fund, Special Revenue Funds, and the Debt Service Funds.

Based upon available financial information and requests by the governing board, the city auditor prepares the preliminary city budget. The city budget is by function and activity on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The governing board holds a public hearing where any taxpayer may testify in favor of or against any proposed expenditure or tax levies requested in the preliminary budget. After the budget hearing and on or before October 1, the board adopts the final budget. The final budget must be filed with the county auditor by October 10. No expenditure shall be made or liability incurred in excess of the total appropriation by fund. However, the governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The board must approve the budget amendments and the approval must be noted in the proceedings of the board.

The governing board approved the following budget amendments to the 2014 city budget (expenditures and transfers out):

Fund #	Description	Change
2000	Sales Tax Fund	\$5,774,361
2050	Park (agency fund)	791,790
2060	Fire	120
2080	Building & Technology	42,686
2120	911	3,226
2130	Municipal Highway	232,832
2141	FM Visitor's Bureau	50,821

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CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Fund #	Description	Change
2146	Otto Bremer Grant	\$ 3,062
2200	Vector Control	26,568
2800	West Fest	12,646
2900	Cruise Night	9,834
2230	City Utility	112,008
3339	Rib 2011 c	135
3340	Rib 2011 b	56
3341	Rib 2011 a	56
3344	Sidewalk 6043 - 2006	44
3345	Sidewalk 6042 - 2005	165
3347	Sidewalk 6044 - 2007	123
3348	Rib 2008 b	42
3349	Rib 2008 c	62
3351	Rib 2009 a	44
3353	Rib 2009 b	48
3355	Refund Bond 2005C	295
3360	Rib 2012 b	45
3365	Rib 2007a	43
3366	Rib 2007 b	118
3368	GO Bonds 2009	49
3370	Rib 2009 c	102
3371	Rib 2010 a	43
3372	Rib 2010 b	31
3379	2012 Sales Tax Bonds-Costco	138,520
3381	Rib 2014a	1,730
3382	Rib 2014b	695,931
3384	Rib 2014 a	1,646,431
3385	Rib 2014 b	1,339,963
	TOTAL	\$10,884,028

NOTE 4: DETAILED NOTES ON ALL FUNDS**A. Deposits and Investments**

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, 2014, the city's carrying amount of deposits was \$29,104,452 and the bank balances were \$30,645,172. Of the bank balances, \$1,250,000 was covered by Federal Depository Insurance. The remaining bank balances totaling \$29,395,172 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, 2014, the city held certificates of deposit totaling \$1,115,621.

The City's bond rating was Aa3 during the year ended December 31, 2014.

B. Receivables

Receivables as of the year end for the government's individual major and non-major funds reported in the financial statements are as follows:

Receivables:	General	Non Major Funds	Debt/Cap. Const.	Sales Tax	Water/ Sewer	Health/ Sanitation	Total
Accounts Rec.	\$107,024	\$ 20,110	\$ 52,349	\$ -	\$344,465	\$245,486	\$ 769,434
Taxes Receivable	34,781	13,646	12,540	-	-	-	60,967
Loans Receivable	-	115,643	1,600,000	-	-	-	1,715,643
Specials-Current	-	-	210,073	-	-	-	210,073
Specials-LT Uncertified	-	-	128,025,342	-	-	-	128,025,342
Intergovt.-Receivable	644,605	222,454	-	716,021	-	-	1,583,080
Total Receivables	\$786,410	\$371,853	\$129,900,304	\$716,021	\$344,465	\$245,486	\$132,364,539

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 the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds balance sheet were as follows:

Taxes Receivable – General	\$ 34,781
Taxes Receivable - NM Funds	13,646
Taxes Receivable - Debt Service Funds	12,540
Special Assessments Receivable-Current	210,073
LT Uncertified Spec. Assessments Receivable	128,025,342
Total Deferred Inflows - Balance Sheet	\$128,296,382

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.

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

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.

C. Inter-fund Receivables/Payables and Transfers

Interfund receivables & payables -- the amount of due to/from other funds represents the \$26,280,794 total that the capital projects funds owes the debt service funds (\$20,107,378) and the general fund (\$6,173,416) 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, 2014 (does not include capital asset transfers between governmental and business-type activities):

Transfers In							
Transfers Out	General	Debt Service	Capital Projects	Sales Tax	Non-Major	Enterprise Funds	Total
General	\$ -	\$ 954	\$235,978	\$ -	\$1,832,832	\$ -	\$ 2,069,764
Debt Service	-	-	-	1,295,996	-	-	1,295,996
Capital Projects	142	-	327,689	5,892,134	-	60	6,220,025
Non-Major	54,959	1,974,123	-	236,230	46,408	-	2,311,720
Enterprise	-	614,484	-	-	-	-	614,484
Totals	\$55,101	\$2,589,561	\$563,667	\$7,424,360	\$1,879,240	\$60	\$12,511,989

Interfund cash transfers in/out totaling \$12,511,989 consist of the following:

- \$614,484 to Water & Sewer from various non-major special revenue, and capital projects funds;
- \$1,832,832 from Highway Tax to General to fund street expenses;
- \$54,959 from the general fund to the E-911 fund to help with operating expenses;
- \$142 from the general fund to the capital projects funds;
- \$236,932 into general fund reserve (general fund) from various capital projects funds totaling \$235,978, and from debt service fund 3880 for \$954;
- \$1,295,996 from Sales tax to Debt Service funds 3368 & 3379 for scheduled debt payments;
- \$5,892,134 from Sales tax to the Future Building Fund (\$1,974,123) for construction of the new police building, and into various capital projects funds for various infrastructure projects.
- \$500,080 from the Sales Tax Fund to the Capital Improvements Fund;
- \$6,220,025 into Capital Projects to help finance various capital projects, and to close various completed capital projects funds;
- \$2,588,607 out of debt service funds 3384 & 3385 to capital projects fund(s);
- \$60 from the sanitation enterprise fund to the capital projects fund;

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

D. Capital Assets

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 7,862,632	\$ 239,792	\$ 239,792	\$ 7,862,632
Construction in Progress	24,658,616	47,849,403	38,018,437	34,489,585
Total Capital Assets, Not Being Depreciated	\$ 32,521,250	\$48,089,195	\$38,258,229	\$ 42,352,217
<i>Capital assets being depreciated:</i>				
Buildings	\$ 2,332,001	\$ -	\$ -	\$ 2,332,001
Equipment	3,611,942	607,196	535,925	3,683,214
Land Improvements	13,687	-	-	13,687
Infrastructure	99,760,133	5,321,943	-	105,082,076
Total Capital Assets, Being Depreciated	\$105,717,763	\$5,929,139	\$535,925	\$111,110,977
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$ 972,126	\$ 71,014	\$ -	\$ 1,043,140
Equipment	2,056,416	284,399	452,167	1,888,648
Land Improvements	1,369	456	-	1,825
Infrastructure	36,176,045	4,915,157	-	41,091,202
Total Accumulated Depreciation	\$ 39,205,956	\$ 5,271,027	\$ 452,167	\$ 44,024,816
Total Capital Assets Being Depreciated, Net	\$ 66,511,807	\$ 658,112	\$ 83,758	\$ 67,086,161
Governmental Activities Capital Assets, Net	\$ 99,033,057	\$48,747,307	\$38,341,987	\$109,438,378

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Enterprise Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 835,634	\$ 239,792	\$ -	\$ 1,075,426
<i>Capital assets being depreciated:</i>				
Buildings	\$ 2,372,095	\$ -	\$ -	\$ 2,372,095
Equipment	7,102,202	336,129	131,276	7,307,055
Land Improvements	3,751,796	-	-	3,751,796
Infrastructure	228,640,813	32,470,033	-	261,110,846
Total Capital Assets, Being Depreciated	\$241,866,906	\$32,806,162	\$131,276	\$274,541,792
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$ 261,577	\$ 47,442	\$ -	\$ 309,019
Equipment	5,250,455	342,942	95,641	5,497,756
Land Improvements	3,751,796	-	-	3,751,796
Infrastructure	41,092,055	6,149,345	-	47,241,400
Total Accumulated Depreciation	\$ 50,355,883	\$ 6,539,728	\$ 95,641	\$ 56,799,970
Total Capital Assets Being Depreciated, Net	\$191,511,023	\$26,266,434	\$ 35,635	\$217,741,822
Governmental Activities Capital Assets, Net	\$192,346,657	\$26,506,226	\$ 35,635	\$218,817,248

Increases for governmental activities consist of the following:

- Capital asset expenditure additions totaling \$48,696,391;
- Transfer to infrastructure from construction in progress totaling \$5,321,943;
- Current Depreciation taken during 2014 totaling \$5,271,027;

Decreases for governmental activities consist of the following:

- Deleted assets totaling \$762,386;
- Transfer from construction in progress to infrastructure totaling \$5,321,943;
- Accumulated depreciation for deleted assets totaling \$452,167;
- Transfer to Enterprise Funds totaling \$32,709,825;

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Increases to business type funds/activities consist of the following:

- Capital asset additions totaling \$336,129;
- Transfer from Government Activities totaling \$32,709,825;
- Depreciation expense totaling \$6,539,728;

Decreases to business type funds/activities consist of the following:

- Deleted assets totaling \$131,276;
- Accumulated depreciation for deleted assets totaling \$95,641;

Depreciation expense was charged to the following functions/programs of the City's governmental activities for the current fiscal year (\$5,271,027):

Governmental Activities:	Amounts
General Government	\$ 91,108
Public Safety	138,402
Public Works and Infrastructure	5,026,704
Other - Airport	8,809
Forestry	6,004
Total Depreciation Expense-Government Activities	\$5,271,027

Prior period adjustments to beginning net capital assets is as follows:

Governmental Activities:	Amounts
Beginning Capital Assets 2014	\$99,039,741
Net Adjustment – Capital Assets (eqmt. & infra.)	(6,684)
Beginning Capital Assets 2014 Restated	\$99,033,057

E. Long-term Debt

Changes in Long-Term Liabilities:

During the year ended December 31, 2014, the following changes occurred in long-term liabilities of governmental and business type activities:

Primary Government - Governmental Activities:

Governmental Activities:	Balance 1-1-14	Increases	Decreases	Balance 12-31-14	Due Within One Year
G.O. Bonds	\$ 8,425,000	\$ -	\$ 650,000	\$ 7,775,000	\$ 670,000
Sales Tax Revenue Bonds	2,020,000	-	165,000	1,855,000	170,000
Spec. Assmt. Bonds	150,790,000	38,210,000	13,005,000	175,995,000	13,700,000
TIF Bonds	970,000	-	40,000	930,000	45,000
Compensated Absences *	1,076,847	-	46,844	1,030,003	103,000
Total Govt. Activities	\$163,281,847	\$38,210,000	\$13,906,844	\$187,585,003	\$ 14,688,000
Total Bonds Payable	\$162,205,000	\$38,210,000	\$13,860,000	\$186,555,000	\$14,585,000
Total SA & TIF Bonds Pay	\$151,760,000	\$38,210,000	\$13,045,000	\$176,925,000	\$13,745,000

* - The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions.

Enterprise Business-Type Activities:	Balance 1-1-14	Increases	Decreases	Balance 12-31-14	Due Within One Year
Sewer Bonds	\$15,640,000	\$ -	\$570,000	\$15,070,000	\$590,000
Compensated Absences *	366,628	-	38,088	328,540	32,854
Total Governmental Activities	\$16,006,628	\$ -	\$608,088	\$15,398,540	\$622,854

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

* - The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions.

General Obligation Bonds – Governmental Activities:

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 \$670,000 to \$915,000 through 2024; interest at 2.75% to 4.35%. \$7,775,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	G.O. Bonds Payable	
	Principal	Interest
2015	\$ 670,000	\$ 282,263
2016	685,000	263,837
2017	705,000	243,287
2018	730,000	222,138
2019	755,000	198,778
2020 – 2024	4,230,000	546,207
TOTALS	\$7,775,000	\$1,756,510

The City issued \$38,210,000 of special assessment debt in 2014 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, TIF bonds, and sales tax revenue bonds currently outstanding are as follows:

Special Assessment Bonds (including TIF bonds):

\$6,015,000 of Refunding Improvement Bonds of 2009, Series A, (refund of 2002A, 2001A and 2001C) due in annual installments of \$665,000 to \$760,000 through 2017; interest at 3.0%. \$ 2,165,000

\$5,430,000 Refunding Improvement Bonds of 2009, Series B (refund of 2003C and 2003D) due in annual installments of \$290,000 to \$825,000 through 2018; interest at 2.75% to 4.0%. 1,225,000

\$7,725,000 Refunding Improvement Bonds of 2009, Series C, due in annual installments of \$310,000 to \$325,000 through 2034; interest at 2.5% to 4.85%. 6,370,000

\$525,000 Sidewalk Warrants of 2010 (6048) due in annual installments of \$50,000 to \$55,000 through 2020; interest at 1.5% to 2.4%. 310,000

\$530,000 Municipal Bonds of 2009, due in annual installments of \$10,000 to \$35,000 through 2039; interest at 3.4% to 5.0%. 480,000

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Special Assessment Bonds (including TIF bonds): Continued

\$570,000 Tax Increment Revenue Bonds of 2009, due in annual installments of \$30,000 to \$50,000; interest at 3.4% to 4.5%.	\$ 450,000
\$5,935,000 Refunding Improvement Bonds of 2010, Series A, due in annual installments of 600,000 to \$675,000 through 2019; interest at 2.2% to 3.5%.	3,120,000
\$7,130,000 Refunding Improvement Bonds of 2010, Series B, due in annual installments of \$265,000 to \$335,000 through 2035; interest at 2.0% to 4.0%.	6,165,000
\$4,730,000 Refunding Improvement Bonds of 2005, Series C, due in annual installments of \$240,000 to \$485,000 through 2016; interest at 4.0%.	720,000
\$10,340,000 Refunding Improvement Bonds of 2007, Series A, due in annual installments of \$180,000 to \$700,000 through 2023; interest at 4.0%.	5,665,000
\$6,345,000 Refunding Improvement Bonds of 2007, Series B due in annual installments of \$265,000 to \$430,000 through 2023; interest at 4.0% to 4.25%.	3,600,000
\$240,000 Sidewalk Bonds of 2007, due in annual installments of \$20,000 to \$25,000 through 2017; interest 4.0% to 4.1%	65,000
\$215,000 Sidewalk Bonds of 2008, due in annual installments of \$20,000 through 2018; interest at 4.0%.	80,000
\$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%.	1,625,000
\$7,080,000 Refunding Improvement Bonds 2008, Series C due in annual installments of \$450,000 to \$475,000 through 2024; interest 4.0% to 4.75%.	4,605,000
\$2,645,000 Refunding Improvement Bonds 2011, Series B due in annual installments of \$175,000 to \$320,000 through 2020; interest 1.8% to 3.5%.	1,675,000
\$9,960,000 Refunding Improvement Bonds 2011, Series C due in annual installments of \$380,000 to \$475,000 through 2036; interest 2.0% to 4.0%.	9,010,000
\$5,315,000 Refunding Improvement Bonds 2011, Series A due in annual installments of \$550,000 to \$620,000 through 2020; interest 2.0% to 4.0%.	3,440,000
\$17,775,000 Refunding Improvement Bonds 2014, Series A due in annual installments of \$610,000 to \$900,000 through 2038; interest 2.0% to 3.65%.	17,750,000
\$170,000 Sidewalk Bonds of 2012, due in annual installments of \$15,000 to \$20,000 through 2022 at 1.0% to 2.25% interest.	140,000

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Special Assessment Bonds (including TIF bonds): Continued

\$15,630,000 Refunding Improvement Bonds of 2012, Series A, due in annual installments of \$535,000 to \$825,000 through 2036; interest rate from 3.0% to 4.25%.	\$13,780,000
\$6,030,000 Refunding Improvement Bonds of 2012, Series B, refinance of 2006A, due in annual installments of \$595,000 to \$730,000 through 2021; interest rate from .65% to 1.85%.	4,560,000
\$225,000 Sidewalk Bonds of 2006, due in annual installments of \$20,000 through 2016; interest rate at 4.25%.	40,000
\$9,740,000 Refunding Improvement Bonds of 2012, Series C, refinance of 2005B and 2005D, due in annual installments of \$405,000 to \$1,240,000 through 2021; interest rate from 1.50% to 4.50%.	7,270,000
\$37,600,000 Refunding Improvement Bonds of 2012, Series D, included refinance of 2008A, due in annual installments of \$1,145,000 to \$2,445,000 through 2037; interest rate from 2.0% to 3.375%.	33,650,000
\$15,900,000 Refunding Improvement Bonds of 2014, Series A, due in annual installments of \$570,000 to \$800,000 through 2037; interest rate from 2% to 3.25%.	15,100,000
\$20,460,000 Refunding Improvement Bonds 2014, Series B due in annual installments of \$750,000 to \$1,010,000 through 2039; interest 2.0% to 5.0%.	20,460,000
\$13,630,000 Refunding Improvement Bonds of 2014, Series B, due in annual installments of \$225,000 to \$675,000 through 2038; interest rates from 2% to 4.2%.	<u>13,405,000</u>
Total Special Assessment & TIF Bonds	<u>\$176,925,000</u>

Sales Tax Bonds

\$2,060,000 Sales Tax Revenue Bond, Series 2012, due in annual payments of \$170,000 to \$410,000 through 2023; interest rate of 1.20% to 3.00%.	<u>\$ 1,855,000</u>
Total of "Bonds" for Governmental Activities	<u>\$178,780,000</u>

Annual debt service requirements to maturity for special assessment, sales tax, and TIF bonds are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Total Bonds (except GO Bonds)	
	Principal	Interest
2015	\$ 13,915,000	\$ 5,342,088
2016	14,405,000	5,055,776
2017	13,645,000	4,676,777
2018	12,215,000	4,297,863
2019	11,770,000	3,926,970
2020 – 2024	42,290,000	14,981,107
2025 – 2029	28,375,000	9,522,758
2030 – 2034	26,535,000	4,908,781
2035 – 2039	15,630,000	881,390
TOTALS	\$178,780,000	\$53,593,510

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Business-Type Activities:

\$9,145,000 Water & Sewer Refunding Bonds 2012, (2005), due in annual installments of \$405,000 to \$630,000 through 2030; interest at 2.5% to 4.25% - enterprise funds (Business-Type Activities). \$ 8,050,000

\$7,870,000 Water and Sewer Revenue Bonds Series 2009 due in annual installments of \$185,000 to \$1,140,000 through 2034; interest at 4.25% to 6.375% - enterprise funds (Business-Type Activities) 7,020,000

Total Business-Type Activities Revenue Bonds \$15,070,000

Annual debt service requirements to maturity for the enterprise revenue bonds are as follows:

BUSINESS-TYPE ACTIVITIES		
Year Ending December 31	Revenue Bonds Payable	
	Principal	Interest
2015	\$ 590,000	\$ 680,450
2016	610,000	662,463
2017	630,000	643,313
2018	640,000	627,625
2019	665,000	605,300
2020 – 2024	3,740,000	2,602,360
2025 – 2029	4,600,000	1,724,340
2030 – 2034	3,595,000	690,094
TOTALS	\$15,070,000	\$8,235,944

F. Contingent Liability

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.

G. Pension Plan

The City of West Fargo contributes to the North Dakota Public Employees' Retirement System (NDPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. NDPERS provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, Post Office Box 1214, Bismarck, North Dakota, 58502-1214.

Plan members are required to contribute 7% of their annual covered salary. The city is required to contribute 8.26% of the employee's salary, which consists of 6.26% for employee retirement and 1% for the retiree health benefits fund. The city has agreed to pay 100% of the member assessments in lieu of a salary increase. The contribution requirements of plan members and the city are established and may be amended by the State legislature. The city's contributions to NDPERS for the years ending December 31, 2014, 2012 and 2011 were \$713,503, \$487,641, \$494,643, respectively, equal to the required contributions for each year.

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

The City also participates in a defined contribution (457B deferred compensation) plan. The city's contributions to the 457B deferred compensation plan for the years ended December 31, 2014, 2012, and 2011 were \$128,768, \$169,941, and \$165,539.

NOTE 5: INDIVIDUAL FUND DEFICITS

The following funds were in a deficit cash position at December 31, 2014:

Fund	Balance
<u>Non-major Fund - Special Revenue:</u>	
Vector Control	\$ (34,955)
<u>Debt Service Funds (Major):</u>	
2012 Sidewalk District	(213,975)
<u>Capital Projects Funds (Major):</u>	
Total Capital Projects Funds (various funds, net)	(26,280,794)

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 debt service moneys sufficient to relieve deficits;
- Issue bonds to finance capital projects;
- Collect special assessments to relieve deficits;

NOTE 6: 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 (NDIRF), 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 NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and automobile and \$5,856,660 for mobile equipment and portable property.

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 workers 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 7: OPEN CONSTRUCTION PROJECTS

The city had 16 construction projects open at year-end. The total amount of construction costs in progress was \$30,565,042 with contract amounts of \$34,394,858 leaving total construction commitments of \$3,829,816 at December 31, 2014.

Project	Contract Amount	Total Completed	Remaining Balance	Retainage
Water Impr District # 1246	\$ 862,883	\$ 840,613	\$ 22,270	\$ 8,406
Storm District #4050	3,526,064	3,330,829	195,235	176,534
Storm District #4051	269,332	236,403	32,929	13,467
Sewer Impr District #1253-Phase II	3,305,633	3,339,774	(34,142)	66,795
Sewer, W, Stm & Street Impr District # 1259	2,871,389	2,935,120	(63,731)	90,351
Sewer, W, Stm & Street Impr District # 1262	1,128,381	1,185,531	(57,150)	-
Sewer, W, Stm & Street Impr District # 1266	710,049	331,167	378,882	33,117
Sewer, W, Stm & Street Impr District # 1268	6,376,266	6,143,219	233,047	319,447
Sewer, W, Stm & Street Impr District # 1269	6,096,031	5,620,165	475,866	281,008
Sewer, W, Stm & Street Impr District # 1271	2,484,628	1,728,813	755,815	124,155
Sewer, W, Stm & Street Impr District # 1272	107,105	97,262	9,843	5,355
Sewer, W, Stm & Street Impr District # 1274	290,219	280,680	9,539	-
Sewer, W, Stm & Street Impr District # 1275	3,100,537	2,766,915	333,622	141,113
Sewer, W, Stm & Street Impr District # 1281	1,774,481	613,810	1,160,671	61,381
Fiber Optic Plan	369,785	538,841	(169,056)	8,083
Street District #2232	1,122,076	575,900	546,176	56,104
Total	\$34,394,858	\$30,565,042	\$3,829,816	\$1,385,316

NOTE 8: SUBSEQUENT EVENTS

In June of 2015, the City Commission approved the issuance of the following bond issue dated July 1, 2015:

- \$28,180,000 of Refunding Improvement Bonds of 2015, Series A. The bonds were issued to fund various construction projects: Sewer, Water, & Storm Improvement Districts #1259, #1268, #1269, #1275; Goldenwood 5th Addition – Phase II, and Storm Improvement Districts #4050 and #4051.

NOTE 9: CONTINGENT LIABILITIES

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 10: PRIOR PERIOD ADJUSTMENTS

The general fund beginning fund balance was adjusted for \$17,682 for a loan payment allocated in the prior year after the general ledger was closed in the prior year.

Additionally, adjustments were necessary to properly restate the beginning net position for prior period capital asset errors to governmental activities consisting of a total net decrease of \$6,683.

The net prior period adjustments to beginning governmental activities totaled a net increase of \$10,998.

CITY OF WEST FARGO

Notes to the Financial Statements - Continued

Prior period adjustments to beginning net capital assets is as follows:

Governmental Activities:	Amounts
Beginning Capital Assets 2014	\$99,039,741
Net Adjustment – Capital Assets (eqmt. & infra.)	(6,684)
Beginning Capital Assets 2014 Restated	\$99,033,057

Prior period adjustments to beginning fund balances is as follows:

Fund Balance Adjustments:	General Fund	Total Funds
Fund Balances as previously reported	\$13,189,809	\$27,729,096
Adjustments to restate the January 1, 2014 fund balances as outlined below:		
Loan Payment - general fund	17,682	17,682
Fund Balances, January 1, 2014 as restated	\$13,207,491	\$27,746,778

Prior period adjustments to beginning net position is as follows:

Net Position Adjustments:	Govt. Activities
Net Position as previously reported	\$83,376,904
Adjustments to restate the January 1, 2014 net position for various items as outlined below:	
General Fund -- remove prior loan payment	17,682
<u>Capital Asset Prior Period Errors:</u>	
Equipment - increase cost	5,400
Infrastructure - decrease cost	(6,784)
Equipment -- increase accumulated depreciation	(5,300)
Net Position, January 1, 2014 as restated	\$83,387,902

CITY OF WEST FARGO
West Fargo, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 5,749,190	\$ 5,749,190	\$ 5,822,018	\$ 72,828
Licenses, Permits & Fees	661,500	661,500	1,034,748	373,248
Intergovernmental	2,314,001	2,314,001	2,986,462	672,461
Fines, Forfeitures, & Penalties	225,000	225,000	325,685	100,685
Interest Income	10,000	10,000	22,335	12,335
Miscellaneous	14,000	14,000	150,078	136,078
Total Revenues	\$ 8,973,691	\$ 8,973,691	\$ 10,341,326	\$ 1,367,635
<u>Expenditures:</u>				
Current:				
General Government	\$ 2,913,974	\$ 2,913,974	\$ 2,603,903	\$ 310,071
Public Safety	5,296,571	5,296,571	5,108,616	187,955
Public Works/Streets	2,271,852	2,271,852	2,045,459	226,393
Total Expenditures	\$ 10,482,397	\$ 10,482,397	\$ 9,757,978	\$ 724,419
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,508,706)	\$ (1,508,706)	\$ 583,348	\$ 2,092,054
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 1,605,000	\$ 1,605,000	\$ 2,069,764	\$ 464,764
Transfers Out	(600,000)	(600,000)	(55,101)	544,899
Total Other Financing Sources and Uses	\$ 1,005,000	\$ 1,005,000	\$ 2,014,663	\$ 1,009,663
Net Changes in Fund Balances	\$ (503,706)	\$ (503,706)	\$ 2,598,011	\$ 3,101,717
Fund Balance - January 1	\$ 13,207,491	\$ 13,207,491	\$ 13,207,491	\$ -
Fund Balance - December 31	\$ 12,703,785	\$ 12,703,785	\$ 15,805,502	\$ 3,101,717

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 4,835,623	\$ 2,035,623
Interest Income	1,500	1,500	7,292	5,792
Total Revenues	<u>\$ 2,801,500</u>	<u>\$ 2,801,500</u>	<u>\$ 4,842,915</u>	<u>\$ 2,041,415</u>
<u>Expenditures:</u>				
Current:	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,801,500</u>	<u>\$ 2,801,500</u>	<u>\$ 4,842,915</u>	<u>\$ 2,041,415</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (1,650,000)	\$ (7,424,361)	\$ (7,424,360)	\$ 1
Net Changes in Fund Balances	<u>\$ 1,151,500</u>	<u>\$ (4,622,861)</u>	<u>\$ (2,581,445)</u>	<u>\$ 2,041,416</u>
Fund Balance - January 1	<u>\$ 5,142,511</u>	<u>\$ 5,142,511</u>	<u>\$ 5,142,511</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 6,294,011</u>	<u>\$ 519,650</u>	<u>\$ 2,561,066</u>	<u>\$ 2,041,416</u>

The accompanying required supplementary information notes are an integral part of this schedule.

CITY OF WEST FARGO
West Fargo, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

The governing body adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America 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 of these funds.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

- On or before September 10th of the preceding fiscal year, the city prepares a preliminary budget for the next succeeding year beginning January 1st. The preliminary budget includes a breakdown of the estimated revenues and appropriations.
- The governing body holds a public hearing where any taxpayer may testify in favor or against any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7th, the board adopts the final budget.
- The final budget must be filed with the county auditor by October 10th.
- No disbursement shall be made or liability incurred in excess of the total appropriation by fund. However, the governing body may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the governing board and the approval must be noted in the official proceedings of the board.
- All appropriations lapse at year-end.

CITY OF WEST FARGO
West Fargo, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT GENERAL LEDGER BASIS
For the Year Ended December 31, 2014

	Balance 1-1-14	Revenues	Transfers In	Other Financing Sources (net)	Transfers Out	Expenditures	Balance 12-31-14
General Fund (Major)	\$ 8,565,406.50	\$10,031,519.05	\$ 1,832,831.94	\$ -	\$ 54,979.15	\$ 9,707,362.90	\$ 10,667,415.44
General Fund Reserve	4,123,573.21	174,732.26	236,932.31	-	122.00	119,632.62	4,415,483.16
Total General Fund	\$ 12,688,979.71	\$10,206,251.31	\$ 2,069,764.25	\$ -	\$ 55,101.15	\$ 9,826,995.52	\$ 15,082,898.60
Special Revenue Funds:							
Sales Tax (Major)	\$ 4,745,103.34	\$ 4,524,302.01	\$ -	\$ -	\$ 7,424,360.85	\$ -	\$ 1,845,044.50
Special Revenue Funds (Nonmajor):							
City's Share of Specials	\$ 149.52	\$ 161,130.15	\$ -	\$ -	\$ -	\$ 132,402.74	\$ 28,876.93
Fire Fund	97,928.96	670,611.53	-	-	-	650,120.11	118,420.38
Building & Technology Fund	244,351.72	354,514.85	-	-	-	380,015.92	218,850.65
Gaming Funds	11,459.28	7,928.71	-	-	-	-	19,387.99
E-911	5,396.22	476,520.42	54,959.15	-	-	536,875.79	-
Municipal Highway Fund	1,512,084.34	1,834,991.65	-	-	1,832,831.94	-	1,514,244.05
Lodging Tax	106,109.73	142.43	-	-	-	11,745.00	94,507.16
FM Visitor's Bureau-Lodging	-	80,821.03	-	-	-	80,821.03	-
Otto Bremer Grant Crisis Training	13,082.49	1,600.00	-	-	-	3,062.13	11,620.36
Vector Control	(13,605.18)	77,168.47	-	-	-	91,567.51	(28,004.22)
Forestry	49,349.35	73,498.98	-	-	-	60,767.28	62,081.05
Flood Control	(36,230.40)	-	36,230.40	-	-	-	-
National Night Out (Night to Unite)	105.48	4,525.04	-	-	-	4,565.80	64.72
Future Building	8,196,511.01	11,917.72	1,974,123.00	-	-	3,608,559.74	6,573,991.99
West Fest	19,732.47	29,612.00	-	-	-	22,646.19	26,698.28
Cruise Night	4,602.79	10,980.00	-	-	-	10,834.30	4,748.49
Asset Forfeitures	32,247.03	61,498.14	-	-	-	37,051.15	56,694.02
Library General (used to be CU)	390,200.26	908,432.28	6,408.31	-	-	822,193.50	482,847.35
Library Memorials (used to be CU)	6,408.31	-	-	-	6,408.31	-	-
Airport Authority (used to be CU)	73,333.24	189,397.76	40,000.00	-	-	191,085.75	111,645.25
Airport Authority Bond Construction	111,044.36	149.50	-	-	40,000.00	-	71,193.86
Economic Development	56,182.33	7,512.38	200,000.00	-	-	4,728.57	258,966.14
Change Fund	300.00	-	-	-	-	-	300.00
Total Special Revenue Funds (Nonmajor)	\$ 10,880,743.31	\$ 4,962,953.04	\$ 2,311,720.86	\$ -	\$ 1,879,240.25	\$ 6,649,042.51	\$ 9,627,134.45
Total Special Revenue Funds	\$ 15,625,846.65	\$ 9,487,255.05	\$ 2,311,720.86	\$ -	\$ 9,303,601.10	\$ 6,649,042.51	\$ 11,472,178.95
Debt Service Funds (Major):							
2011-C RIB	\$ 1,085,921.85	\$ 937,740.55	\$ -	\$ -	\$ -	\$ 755,435.00	\$ 1,268,227.40
RIB 2011 B (recall 2004B)	363,271.27	314,566.10	-	-	-	363,453.50	314,383.87
2005 A Refunding Improvement Bonds	3,246,511.09	299,591.84	-	-	-	736,618.50	2,809,484.43
Sidewalk 6043 - 2006	22,216.65	10,585.41	-	-	-	29,214.00	3,588.06
Sidewalk 6042 - 2005	36,388.17	20,072.77	-	-	-	23,280.00	33,180.94
Sidewalk 6044 - 2007	58,595.76	13,006.66	-	-	-	24,763.00	46,839.42
2008-B RIB	112,979.74	251,694.56	-	-	-	257,890.50	106,783.80
2008-C RIB	1,114,955.61	719,159.32	-	-	-	682,714.50	1,151,400.43
2009-A RIB (from 2001/2001c/2002)	1,544,012.17	610,083.57	-	-	-	837,434.00	1,316,661.74
2009-B RIB (from 2003C & 2003D)	847,226.99	614,966.73	-	-	-	853,624.25	608,569.47
2005-C Refunding Bonds	437,484.24	367,432.43	-	-	-	524,580.00	280,336.67
2006 A RIB	483,356.47	497,871.85	-	-	-	786,000.00	195,228.32
2007A RIB	1,280,155.11	755,771.86	-	-	-	941,708.00	1,094,218.97
2007B RIB	1,361,764.82	550,735.13	-	-	-	586,673.00	1,325,826.95
G.O. Bonds 2009	7,061.40	611.51	950,000.00	-	-	949,626.50	8,046.41
Municipal Bonds 2009 NDPFA	158,953.63	32,144.59	-	-	-	33,175.84	157,922.38
2009-C RIB	500,906.21	607,921.62	-	-	-	590,385.75	518,442.08
2010 A - RIB (refund of 2003E & 2004A)	1,167,917.85	842,000.24	-	-	-	773,114.50	1,236,803.59
2010 B - RIB	164,374.55	610,761.81	-	-	-	525,093.50	250,042.86
Sidewalk Refunding Bonds 2010	(18,940.60)	130,595.28	-	-	-	62,496.00	49,158.68
2012 A-RIB	1,107,648.43	1,347,050.99	-	-	-	1,301,663.54	1,153,035.88
2012 Sidewalk Refunding Bonds	35,004.73	22,993.55	-	-	-	19,029.00	38,969.28
2012 C (Ref of 2005B & 2005D)	2,002,262.77	1,185,209.70	-	-	-	1,488,900.00	1,698,572.47
2012 D Special Assessment Bond	1,149,004.83	3,471,266.05	-	-	-	3,345,693.02	1,274,577.86
2012 Sales Tax Bonds	229,190.24	131.92	345,995.89	-	-	352,395.14	222,922.91
Reserve for 2012 Sales Tax Bonds	206,000.00	185.52	-	-	-	-	206,185.52

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, 2014

	Balance 1-1-14	Revenues	Transfers In	Other Financing Sources (net)	Transfers Out	Expenditures	Balance 12-31-14
CONTINUED.....							
Debt Service Funds (Major):							
2013 A RIB	\$ 560,055.76	\$ 1,593,200.55	\$ -	\$ -	\$ -	\$ 1,190,829.88	\$ 962,426.43
2013B RIB	259,313.28	727,109.93	-	-	-	695,931.06	290,492.15
2012 Sidewalk District (6050)	(240,000.00)	26,025.20	-	-	-	-	(213,974.80)
2014A Refunding Improvement Bond	-	1,733,794.67	-	-	1,309,369.00	337,062.17	87,363.50
2014B Refunding Improvement Bond	-	1,866,628.89	-	-	1,279,238.00	60,725.00	526,665.89
2067	1,533,480.88	14.81	-	-	-	-	1,533,495.69
#6039 - Sidewalk 2003	4,918.81	1,147.78	-	-	954.09	5,112.50	-
TIF Bonds Sterling Industrial Park (to 3377)	172,410.82	244,248.32	-	-	-	-	416,659.14
TIF Butler (to 3360 and 3366)	109,028.47	508,073.54	-	-	-	19,863.67	597,238.34
TIF Titan Machinery (to 3370)	72,737.05	114,792.35	-	-	-	49,928.50	137,600.90
Total Debt Service Funds	\$ 21,176,169.05	\$ 21,029,187.60	\$ 1,295,995.89	\$ -	\$ 2,589,561.09	\$ 19,204,413.82	\$ 21,707,377.63
Capital Projects Funds (Major):							
Capital Improvements	\$ 848,701.31	\$ 128,776.22	\$ 500,080.00	\$ -	\$ -	\$ 296,523.09	\$ 1,181,034.44
Construction Testing	3,105.18	1.28	-	-	-	-	3,106.46
4050 N Section 19 Regional Storm Lift	(194,266.53)	-	-	-	-	3,370,332.84	(3,564,599.37)
Meadow Ridge Pond Repair Fund	13,701.60	-	-	-	-	-	13,701.60
4051 Goldenwood Pond Expansion	-	-	-	-	-	251,874.36	(251,874.36)
4046 Section 29 (Houkom) Lift	246,203.93	-	-	-	244,203.93	2,000.00	-
4047 Section 20 Maple Ridge Storm	(79,945.12)	-	81,945.12	-	-	2,000.00	-
2216 Veterans Blvd 32nd to 40th	(44,788.30)	-	236,124.21	-	-	191,335.91	-
2220 Veterans Blvd Traffic Signal 23 & 26	(139,025.21)	-	-	204,140.31	22,168.38	42,946.72	-
2219 7th Ave - 17th to 45th Street Impr.	(83,436.86)	-	-	-	-	173,853.65	(257,290.51)
Main Ave Phase 2 NDU-8-010(031)935	(131,218.18)	-	-	-	-	97,586.98	(228,805.16)
1241 Montgomery Homestead Impr	33,219.85	-	-	-	33,219.85	-	-
1242 Christianson's 1st Ph III Impr	-	-	22.00	-	-	22.00	-
1243 Shadow Creed 3rd Impr	33,130.45	-	-	-	28,100.89	5,029.56	-
1244 Improvement District	-	-	100.00	-	-	100.00	-
12th Ave N-45th Str to Cty 19 Impr	(68,712.42)	-	-	-	-	227,372.79	(296,085.21)
1273 Main Ave. Phase III NHU-8-010(032)932	-	-	-	-	-	230,402.69	(230,402.69)
1247 S Pond @ Preserve 6th	(22,103.38)	-	22,103.38	-	-	-	-
1248 River's Bend @ the Preserve	(4,655,152.99)	-	-	6,042,553.19	61,369.21	1,326,030.99	-
1249 Brooks Harbor	(4,641,090.14)	-	-	6,195,658.42	95,828.87	1,458,739.41	-
1251 Eaglewood 2nd	(2,726,198.93)	-	-	3,153,967.80	63,536.92	364,231.95	-
1254 S Pond @ Preserve 7th	2,420.01	-	-	-	2,420.01	-	-
1257 Oakridge 4th	(743,923.71)	-	-	2,108,736.20	-	1,333,513.20	31,299.29
1253 Lagoon Impr Phase I & II	(1,818,621.77)	-	5,219,816.10	-	-	3,401,194.33	-
1258 Brooks Harbor 2nd	(1,302,081.14)	-	-	4,158,375.73	-	2,830,176.68	26,117.91
1259 Shadow Creek 5th	(632,055.67)	-	-	-	-	2,546,399.26	(3,178,454.93)
1262 West Creek 1st	(1,071,660.93)	-	-	1,499,285.41	-	390,054.05	37,570.43
1263 The Wild's 3rd & 4th	(519,383.15)	-	-	3,516,903.38	-	2,957,173.21	40,347.02
Charleswood 31st Addition - W&S	(19,263.17)	-	-	434,764.13	-	400,657.88	14,843.08
1262 Phase II West Creek 1st	(23,625.02)	-	-	554,519.52	-	499,603.92	31,290.58
1261 West Butler	(20,000.00)	-	-	2,522,933.65	-	2,467,162.89	35,770.76
6015 2014 Sidewalk District	-	-	-	-	-	35,125.20	(35,125.20)
1265 Goldenwood 5th (Brentwood)	(1,255,231.35)	-	-	2,500,023.92	-	1,170,076.86	74,715.71
1266 33rd Ave & 6th Street	(37,362.03)	-	-	-	-	316,449.19	(353,811.22)
1268 River's Bend 2nd Addition	-	-	-	-	-	6,530,367.99	(6,530,367.99)
1269 Wild's 6th Additin	-	-	-	-	-	5,971,472.24	(5,971,472.24)
1271 North Pond 4th	-	-	-	-	-	1,847,894.66	(1,847,894.66)
1275 Phase II - Goldenwood 5th Addition	-	-	-	-	-	2,954,568.60	(2,954,568.60)
1276-Christianson's 2nd	-	-	-	-	-	143,488.64	(143,488.64)
1278-Oak Ridge 6th Impr District	-	-	-	-	-	58,918.16	(58,918.16)
1281-Eaglewood 3rd Addition	-	-	-	-	-	693,858.19	(693,858.19)
2157 13th Ave. West	-	-	-	-	-	300.00	(300.00)
2226 Signal 9th Str & 19th Avenue	(316,443.34)	-	-	398,073.61	12,818.86	68,811.41	-
2227-Signal 4th Str & 32nd Ave E	-	-	-	-	-	240.00	(240.00)
2228 9th Street W (23 Ave W-30th A West)	(1,565,647.78)	-	-	1,755,606.67	-	146,208.80	43,750.09
2229-Charleswood Overlay	-	-	-	2,567,191.07	-	2,570,995.49	(3,804.42)
2231 Dakota Territory 5th	(112.34)	-	-	86,484.22	-	80,803.28	5,568.60
2230 Arbor Glen Overlay	-	-	-	510,782.77	-	496,526.77	14,256.00

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, 2014

	Balance 1-1-14	Revenues	Transfers In	Other Financing Sources (net)	Transfers Out	Expenditures	Balance 12-31-14
CONTINUED.....							
Capital Projects Funds (Major):							
2232 4th Str E-38th A E to 40th A E	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,983.07	\$ (750,983.07)
2233-40th Ave E (Shey to Dr 21-Shard w/Fargo)	-	-	-	-	-	54,627.70	(54,627.70)
2234-33rd Ave E to Prairie Hgts Drive	-	-	-	-	-	662.05	(662.05)
2235-2014 Pvmnt Management	-	-	-	-	-	364.78	(364.78)
2236-52nd Avenue Paving	-	-	-	-	-	501.93	(501.93)
2333-Ph II-32nd Ave Shey to Veterans	-	-	-	-	-	1,209.00	(1,209.00)
2237-Sommerset Str Impr	-	-	-	-	-	679.84	(679.84)
2238-Rendezvous Park Overlays	-	-	-	-	-	127.00	(127.00)
7073 Str Ligh 13 A (Shey-17th) 8992(035)035	(63,102.66)	-	-	-	-	33,957.08	(97,059.74)
Fiber Optic Plan	(69,759.41)	-	-	-	-	367,149.59	(436,909.00)
4044 Storm Water Section 19	(157,834.45)	-	159,834.45	-	-	2,000.00	-
Total Capital Projects Funds	\$(21,221,563.65)	\$ 128,777.50	\$ 6,220,025.26	\$38,210,000.00	\$ 563,666.92	\$49,164,685.88	\$(26,391,113.69)
Total Governmental Funds	\$ 28,269,431.76	\$40,851,471.46	\$11,897,506.26	\$38,210,000.00	\$12,511,930.26	\$84,845,137.73	\$ 21,871,341.49
Enterprise Funds:							
Sewer and Water Operating	\$ 4,156,494.04	\$ 5,380,882.11	\$ -	\$ -	\$ -	\$ 4,552,060.54	\$ 4,985,315.61
City Utility	229,585.13	244,547.76	-	-	-	162,008.21	312,124.68
Repl & Deprec. SWOP	30,000.00	-	-	-	-	-	30,000.00
Sewage Surcharge	271,869.70	8,392.85	-	-	-	-	280,262.55
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	1,376,963.92	4,273.94	614,484.00	-	-	97,944.00	1,897,777.86
1208 Water Treatment Plant	(336,921.50)	-	-	-	-	23,075.36	(359,996.86)
1274 Well #7 Replacement (New #16)	-	-	-	-	-	328,642.61	(328,642.61)
WP-Well # 9 & #12 Rehabilitation	(324,700.46)	-	-	-	-	31,931.94	(356,632.40)
Well #14 Construction	(2,667.60)	-	-	-	-	937,625.02	(940,292.62)
Well Impr. #10 Tintes	-	351.54	-	-	-	91,906.75	(91,555.21)
Total Sewer and Water	\$ 6,667,929.71	\$ 5,638,448.20	\$ 614,484.00	\$ -	\$ -	\$ 6,225,194.43	\$ 6,695,667.48
Health and Sanitation Operating	\$ 1,513,042.72	\$ 2,803,390.32	\$ -	\$ -	\$ 60.00	\$ 2,647,840.50	\$ 1,668,532.54
Sanitation Recycling Fund	-	236,710.00	-	-	-	2,383.29	234,326.71
Total Health and Sanitation	\$ 1,513,042.72	\$ 3,040,100.32	\$ -	\$ -	\$ 60.00	\$ 2,650,223.79	\$ 1,902,859.25
Total Enterprise Funds	\$ 8,180,972.43	\$ 8,678,548.52	\$ 614,484.00	\$ -	\$ 60.00	\$ 8,875,418.22	\$ 8,598,526.73
Total Govt. & Enterprise Funds	\$ 36,450,404.19	\$49,530,019.98	\$12,511,990.26	\$38,210,000.00	\$12,511,990.26	\$93,720,555.95	\$ 30,469,868.22
Agency Funds:							
Park	\$ -	\$ 1,384,835.15	\$ -	\$ -	\$ -	\$ 1,501,789.47	\$ (116,954.32)
2003-1 Special Assessment	-	6,724.37	-	-	-	8,263.08	(1,538.71)
Shadowwood Pk Sp.2010	-	23,922.63	-	-	-	27,856.34	(3,933.71)
2011 Maple Ridge Park Special Assmts	-	22,853.95	-	-	-	27,625.67	(4,771.72)
2011-1 Park Impr District	-	217,813.71	-	-	-	236,858.74	(19,045.03)
Park Sp Assmt 2007-1	-	13,261.82	-	-	-	16,604.45	(3,342.63)
Community Dev. Block Grant	1,921.11	0.80	-	-	-	-	1,921.91
Tree Planting	316,940.44	81,592.26	-	-	-	47,980.00	350,552.70
Marvin Windows Escrow Sp Assmts	170,658.00	-	-	-	-	-	170,658.00
Marcil Job Training Loan	17,052.00	7,769.03	-	-	-	24,821.03	-
Titan Job Training Grant 5%	2,003.75	71,460.00	-	-	-	67,887.00	5,576.75
Energy Grant	15,800.00	-	-	-	-	-	15,800.00
WSI Grant	-	39,999.48	-	-	-	39,999.48	-
Downtown Business Association	6,000.00	2,300.00	-	-	-	730.86	7,569.14
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
Total Agency Funds	\$ 686,542.37	\$ 1,872,533.20	\$ -	\$ -	\$ -	\$ 2,000,416.12	\$ 558,659.45
Total Primary Government	\$ 37,136,946.56	\$51,402,553.18	\$12,511,990.26	\$38,210,000.00	\$12,511,990.26	\$95,720,972.07	\$ 31,028,527.67
Total Reporting Entity	\$ 37,136,946.56	\$51,402,553.18	\$12,511,990.26	\$38,210,000.00	\$12,511,990.26	\$95,720,972.07	\$ 31,028,527.67

STATE AUDITOR

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Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

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*

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, 2014, 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 August 5, 2015.

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.

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 over financial reporting 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

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*.

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.



Robert R. Peterson
State Auditor

Fargo, North Dakota
August 5, 2015

CITY OF WEST FARGO
West Fargo, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

Section I - Summary of Auditor's Results

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?	_____ Yes	_____ X _____ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ X _____ None noted
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ None noted

Section II - Financial Statement Findings

No matters were reported.

STATE AUDITOR

ROBERT R. PETERSON
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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 5, 2015. 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 June 24, 2015, 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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the City of West Fargo during the year ended December 31, 2014 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. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 August 5, 2015.

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.



Robert R. Peterson
State Auditor

Fargo, North Dakota
August 5, 2015

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or by contacting the
Division of State Audit

Office of the State Auditor
600 East Boulevard Avenue – Department 117
Bismarck, ND 58505-0060

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**APPENDIX C–
CONTINUING DISCLOSURE CERTIFICATE**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of West Fargo, North Dakota (the "Issuer") in connection with the Issuer's \$24,470,000 Refunding Improvement Bonds of 2015, Series A (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on December ____, 2015 (the "Resolution") and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated _____, 2015, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the City of West Fargo, North Dakota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

- (a) The Issuer shall, not later than 12 months after the end of the Fiscal Year, provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.
- (b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.
- (c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. Larger Employers.
2. Population.
3. Unemployment.
4. Building Permits.
5. Bonded Debt.
6. Overlapping Debt.
7. Property Values.
8. Trend of Valuations.
9. Larger Taxpayers
10. Tax Levies and Collections.
11. Mill Rates.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate, then the Issuer will provide unaudited financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

Section 5. Reporting of Material Events.

- (a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;
 2. Non-payment related defaults, if material;
 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 5. Substitution of credit or liquidity providers, or their failure to perform;
 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 7. Modification to rights of security holders, if material;
 8. Bond Calls, if material, and tender offers;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
 13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.
- (c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect

that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective _____.

CITY OF WEST FARGO

Tina M Fisk
City Auditor

**APPENDIX D–
BOND OPINION**

December _____, 2015

BOND OPINION

**\$24,470,000 REFUNDING IMPROVEMENT BONDS OF 2015, SERIES B
CITY OF WEST FARGO, NORTH DAKOTA**

We have acted as Bond Counsel in connection with the issuance by the City of West Fargo, North Dakota (the "Issuer"), of its Refunding Improvement Bonds of 2015, Series B, dated as of December ____, 2015, in the total principal amount of \$24,470,000 (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion that under existing law:

1. The Bonds are valid and binding obligations of the Issuer payable from a separate and special fund of the Issuer which has been duly created and designated as the Refunding Improvement Bonds of 2015, Series B Bond Fund. The Bonds are issued for the purpose of refunding a like principal amount of one or more valid outstanding special improvement warrants (the "Improvement Warrants") of the Issuer which were issued for the purpose of paying the costs of local improvements in one or more improvement districts of the Issuer (the "Districts").

2. The improvement warrants are valid and binding obligations of the Issuer, issued in anticipation of the collection of special assessments levied or to be levied upon property within the Districts benefitted by the improvement therein, which special assessments have been appropriated to the funds of the Districts for the payment of the improvement warrants and any additional improvement warrants drawn thereon. Whenever all special assessments appropriated and theretofore collected for any improvement are insufficient to pay principal and interest then due on the improvement warrants issued with respect thereto, the governing body is required by law to levy a tax upon all taxable property in the corporate limits of the Issuer for the payment of such deficiency, and the governing body is authorized to levy a similar tax whenever such a deficiency is likely to occur within one year, which deficiency levies are not subject to any limitation as to rate or amount.

3. The improvement warrants refunded by the issuance of the Bonds are held in trust by the Issuer in the Refunding Improvement Bonds of 2015, Series B Bond Fund as security for the Bonds, and all collections of special assessments, and any deficiency tax levies, are required to be used and applied in said fund for the payment of principal of and interest on the Bonds.

4. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income of the recipient for United States or State of North Dakota income tax purposes, and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereof be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in the gross income for federal and state income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

APPENDIX E-
OFFICIAL BID FORM

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SALE DATE MONDAY, DECEMBER 7, 2015

OFFICIAL BID FORM
\$24,470,000* REFUNDING IMPROVEMENT BONDS OF 2015, SERIES B
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA

Honorable President and City Commission
City of West Fargo, North Dakota
800 Fourth Avenue East
West Fargo, ND 58078

Honorable President and City Commission:

We offer a purchase price of \$_____. (Note: This amount may not be less than \$24,225,300.00) This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received which is incorporated herein by reference and is made a part of the bid described herein.

Terms of the Bonds. The Bonds shall bear interest at the following rate or rates per annum (on a 360-day basis), from the date of delivery. The Bonds shall bear interest as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
05/01/2017	_____	_____	_____	_____	05/01/2029	_____	_____	_____	_____
05/01/2018	_____	_____	_____	_____	05/01/2030	_____	_____	_____	_____
05/01/2019	_____	_____	_____	_____	05/01/2031	_____	_____	_____	_____
05/01/2020	_____	_____	_____	_____	05/01/2032	_____	_____	_____	_____
05/01/2021	_____	_____	_____	_____	05/01/2033	_____	_____	_____	_____
05/01/2022	_____	_____	_____	_____	05/01/2034	_____	_____	_____	_____
05/01/2023	_____	_____	_____	_____	05/01/2035	_____	_____	_____	_____
05/01/2024	_____	_____	_____	_____	05/01/2036	_____	_____	_____	_____
05/01/2025	_____	_____	_____	_____	05/01/2037	_____	_____	_____	_____
05/01/2026	_____	_____	_____	_____	05/01/2038	_____	_____	_____	_____
05/01/2027	_____	_____	_____	_____	05/01/2039	_____	_____	_____	_____
05/01/2028	_____	_____	_____	_____	05/01/2040	_____	_____	_____	_____

*The City reserves the right to adjust the issue size immediately following the opening of bids.

Our calculation of the net interest cost rate, computed in accordance with the Official Notice of Sale but not a part of the above bid, is:

Total Net Interest Cost _____ Net Effective Rate _____

Account Members:

Respectfully submitted,

Firm Name _____

Direct Contact and Phone Number _____

By: _____

The foregoing offer is hereby accepted this ___th day of December, 2015, by the City and in recognition therefore is signed by the Officers empowered and authorized to make such acceptance.

Mayor, City of West Fargo

Finance Director

Continued on the next page

Good-Faith Deposit. In accordance with the terms of the Official Notice of Sale, we agree to wire as directed by Dougherty & Company LLC the amount of \$269,170.00 as a good-faith deposit if this bid accepted as the lowest bid.

The lowest bidder for the Bonds is required to submit such Deposit payable to the order of the City of West Fargo in the form of a wire transfer as instructed by Dougherty & Company LLC not later than 2:00 P.M. Central Daylight Time on the day of the sale of the Bonds. If the Deposit is not so received, the bid of the lowest bidder will be rejected and the City may direct the next lowest bidder to submit a Deposit and thereafter may award the sale of the Bonds to the same. No interest on a Deposit will accrue to the successful bidder (the "Purchaser"). Deposits will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, the Deposit will be retained by the City. If this bid is accepted by the City, the proceeds of the good-faith deposit are to be retained by the City to be applied to the purchase price of the Bonds or in the event that we should fail to take up and pay for the Bonds in compliance with the bid described herein, the good-faith deposit will be retained by the City as full and complete liquidated damages. The amount of the good-faith deposit is to be returned to us on the failure on the part of the City to perform in accordance with the terms of the Official Notice of Sale and this bid.

Closing and Delivery. We agree to accept delivery of and pay for the Bonds awarded to us in federal funds or other immediately available funds on or about December 30, 2015.

Certification of Price. Simultaneously or before delivery of the Bonds we agree to furnish the City a certificate, in a form satisfactory to Bond Counsel, containing information sufficient to enable the City to determine the "issue price(s)" of the Bonds as defined in Section 1273 or 1274 of the Internal Revenue Code of 1986, as amended.

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