PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 6, 2026

NEW ISSUE
NOT BANK QUALIFIED

RATING: Moody's "Aa3"
See "RATING" herein

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 federal 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 (see "TAX MATTERS" herein). However, such interest is included in determining the adjusted financial statement income of applicable corporations for the purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022.

$8,810,000*
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA
REFUNDING IMPROVEMENT BONDS, SERIES 2026

Bonds Dated: Date of Issuance **Principal Due: May 1, as shown on the inside front cover**

The City of West Fargo, Cass County, North Dakota (the "City") will issue its Refunding Improvement Bonds, Series 2026 (the "Bonds") in the original aggregate principal amount of $8,810,000* pursuant to a resolution (the "Resolution") to be adopted by the governing body of the City on August 17, 2026* to (i) finance improvements in District Nos. 1345, 1353, and 2290 (the "Districts") and (ii) pay costs of issuance for the Bonds.

The Bonds are payable from certain special improvement warrants of the City which were issued for the purpose of paying the costs of improvements in the City. Such improvement warrants are payable from special assessments levied against benefited properties in the Districts. The City pledges special assessments against benefited properties for repayment of the Bonds. **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 City is required by law to levy a tax, *without an election*, upon all taxable property in the corporate limits of the City for the payment of such deficiency. The City is required by law to levy a property tax upon all taxable property within the City 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*.** In addition, under the terms of the Resolution, the City may use funds in the general fund of the City in the event that the collection of special assessments is not sufficient for such purpose and then reimburse the general fund of the City from the collection of the tax so levied upon all taxable property within the City. Additional information regarding the financing and security for the Bonds is provided under the captions "THE BONDS - Purpose" and "THE BONDS - Security For The Bonds" in this Official Statement.

The Bonds will be issued in fully registered form in the denominations of $5,000 or any whole multiple thereof 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.)

Principal of the Bonds will be payable annually on May 1, as shown on the inside front cover. Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing May 1, 2027*. Starion Bond Services of Bismarck, North Dakota will serve as registrar and paying agent (the "Paying Agent").

Bonds maturing in 2035* and thereafter shall be subject to redemption and prepayment, at the option of the City, on May 1, 2034*, and any date thereafter, at par plus accrued interest. See "REDEMPTION – Optional Redemption" herein.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality and tax-exempt status of the Bonds by Ohnstad Twichell, P.C., West Fargo, North Dakota, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about August 31, 2026*.

BID OPENING: MONDAY, AUGUST 17, 2026
10:30 A.M. CDT

BID AWARD: MONDAY, AUGUST 17, 2026
5:30 P.M. CDT

Colliers
120 N 3rd Street
Bismarck, North Dakota 58501
Telephone - (701) 222-1617

The Date of this Official Statement is August ___, 2026.

* Preliminary, subject to change.

MATURITY SCHEDULE*

Maturity	Principal Amount	Interest Rate	Yield	CUSIP**	Maturity	Principal Amount	Interest Rate	Yield	CUSIP**
05/01/2027	$150,000				05/01/2040	$345,000			
05/01/2028	235,000				05/01/2041	360,000			
05/01/2029	240,000				05/01/2042	375,000			
05/01/2030	245,000				05/01/2043	395,000			
05/01/2031	250,000				05/01/2044	410,000			
05/01/2032	265,000				05/01/2045	430,000			
05/01/2033	270,000				05/01/2046	445,000			
05/01/2034	280,000				05/01/2047	465,000			
05/01/2035	290,000				05/01/2048	485,000			
05/01/2036	300,000				05/01/2049	510,000			
05/01/2037	310,000				05/01/2050	540,000			
05/01/2038	320,000				05/01/2051	560,000			
05/01/2039	335,000								

* Preliminary, subject to change. The City reserves the right to adjust the issue size after bid opening by 10% in total and 10% per maturity. Bidders may aggregate all or a portion of the Refunding Improvement Bonds, Series 2026 maturing in the years 2027-2051 into any combination of Term Bonds, subject to mandatory sinking fund redemptions in accordance with the above schedule.

** CUSIP ® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Marketing Intelligence. The City shall not be responsible for the selection of CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above.

TABLE OF CONTENTS

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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 "Preliminary Official Statement."

The Preliminary 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 Preliminary Official Statement by request to the City's Municipal 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, Cass County, North Dakota (the "City") is issuing its Refunding Improvement Bonds, Series 2026 (the "Bonds") in the original aggregate principal amount of $8,810,000*. The City is authorized to issue the Bonds under the provisions of the North Dakota Century Code Chapters 40-24 and 40-27 and related chapters, as amended. The Bonds shall be dated as of August 31, 2026* 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 of West Fargo, North Dakota (the "City"), is a political subdivision, duly created and existing under and pursuant to the Constitution and laws of the State of North Dakota (the "State"). The City is governed by a five-member Board of Commissioners (the "City Commission"). See "APPENDIX A –CITY OF WEST FARGO, NORTH DAKOTA" in this Official Statement.

Use of Proceeds Proceeds derived from the sale of the Bonds will be used by the City to: (i) finance improvements in District Nos. 1345, 1353, and 2290 (the "Districts") and (ii) pay costs of issuance for the Bonds.

Security for the Bonds The Bonds are payable from certain special improvement warrants of the City which were issued for the purpose of paying the costs of improvements in the City. Such improvement warrants are payable from special assessments levied against benefited properties in the Districts. The City pledges special assessments against benefited properties for repayment of the Bonds. **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 City is required by law to levy a tax, *without an election*, upon all taxable property in the corporate limits of the City for the payment of such deficiency. The City is required by law to levy a property tax upon all taxable property within the City 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.*** In addition, under the terms of the Resolution, the City may use funds in the general fund of the City in the event that the collection of special assessments is not sufficient for such purpose and then reimburse the general fund of the City from the collection of the tax so levied upon all taxable property within the City. See "THE BONDS – Security for the Bonds" in this Official Statement. Additional information regarding the financing and security for the Bonds is provided under the captions "Purpose", "Sources and Uses of Funds" and "Security for the Bonds" in this Official Statement. The Bonds are subject to optional and mandatory redemption as described in this Official Statement.

Other Refunding Improvement Bonds The City has previously issued Refunding Improvement Bonds and other warrants (the "Outstanding Refunding Improvement 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 $250,677,961. The Outstanding Refunding Improvement Bonds are secured by and payable from warrants levied against the City, payable from special assessments levied against benefited properties in the Districts. The City pledges special assessments, along with the deficiency levy, against benefited properties for repayment of the Bonds. See "THE BONDS – Security for the 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 "BOOK-ENTRY ONLY SYSTEM" in this Official Statement.

*Preliminary, subject to change.

Investment Considerations	The Bonds are 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, 2027* (each an "Interest Payment Date"). Principal on the Bonds is payable annually on each May 1, commencing May 1, 2027* (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.
Optional Redemption	The Bonds maturing on or after May 1, 2035* are subject to optional redemption by the City on May 1, 2034*, and on any date thereafter, at a price equal to the principal amount plus accrued interest to the date of redemption. See "REDEMPTION – Optional Redemption" 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 MATTERS" and "APPENDIX C – 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" in this Official Statement.
Bond 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.
Rating	Moody's "Aa3"
Non-Bank Qualified	The Bonds will NOT be designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Factors:

2025 Property Values:

Full and True Value (100%)	$6,112,485,900
Assessed Value (50%)	3,056,242,950
Taxable Value	285,947,666

Population (2025): 41,175

Outstanding Debt [(1)]*****

Total Direct General Obligation Debt:	$ 0
Total Refunding Improvement Bond and Other Warrant Debt, including the Bonds:	259,487,961
Total Revenue Debt:	30,949,348
Total Appropriation Debt	8,785,000
Overlapping General Obligation Tax Supported Bonded Debt:	141,810,467
Total:	$441,032,776

*Preliminary, subject to change

(1) As of June 25, 2026, plus the Bonds.

Ratios:

	Per Capita Debt	Percentage of Debt to Valuation: Taxable	Assessed	Market
General Obligation Debt	$ 0.00	0.00%	0.00%	0.00%
Refunding Improvement Bond and Other Warrant Debt*	6,302.08	90.75	8.49	4.25
Revenue Debt	751.65	10.82	1.01	0.51
Appropriation Debt	213.36	3.07	0.29	0.14
Overlapping Debt	3,444.09	49.59	4.64	2.32
Total*	$10,711.18	154.23%	14.43%	7.22%

PROFESSIONAL SERVICES

Bond Counsel
Ohnstad Twichell, P.C.
Attorneys at Law
P.O. Box 458
West Fargo, ND 58078-0458
(701) 282-3249

Municipal Advisor
Colliers Securities LLC
P.O. Box 2157
Bismarck, North Dakota 58502
(701) 222-1617

Registrar and Paying Agent
Starion Bond Services
333 N 4th Street
Bismarck, ND 58501

*Preliminary, subject to change.

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$8,810,000*
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA
REFUNDING IMPROVEMENT BONDS, SERIES 2026

THE BONDS

Purpose

Proceeds derived from the sale of the Bonds will be used by the City to: (i) finance improvements in District Nos. 1345, 1353, and 2290 (the "Districts") and (ii) pay costs of issuance for the Bonds. Such improvement warrants are payable from special assessments levied against benefited properties in the Districts. The City pledges special assessments against benefited properties for repayment of the Bonds. **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 City is required by law to levy a tax, *without an election*, upon all taxable property in the corporate limits of the City for the payment of such deficiency. The City is required by law to levy a property tax upon all taxable property within the City 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*.** In addition, under the terms of the Resolution, the City may use funds in the general fund of the City in the event that the collection of special assessments is not sufficient for such purpose and then reimburse the general fund of the City from the collection of the tax so levied upon all taxable property within the City. See "THE BONDS – Security for the Bonds" in this Official Statement.

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, Series 2026 Bond Fund (the "Bond Fund").

Sources and Uses of Funds*

The following table sets forth the sources and uses of funds related to the Bonds.

Sources of Funds:	
Par Amount of Bonds	$8,810,000
City Funds	557,061
Total Sources	$9,367,061
Uses of Funds:	
Deposit to Project Construction Fund	$9,214,230
Costs of Issuance(1)	152,831
Total Uses	$9,367,061

(1) Includes Underwriter's Discount, Municipal Advisor, Rating Agency, Bond Counsel, and Paying Agent fees and other miscellaneous issuance costs.

Authority

The Bonds are issued pursuant to the terms and provisions of the North Dakota Century Code Chapters 40-24, 40-27, and related chapters, as amended.

*Preliminary, subject to change

Security for the Bonds

The Bonds are payable from certain special improvement warrants of the City which were issued for the purpose of paying the costs of improvements in the City. Such improvement warrants are payable from special assessments levied against benefited properties in the Districts. The City pledges special assessments against benefited properties for repayment of the Bonds. **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 City is required by law to levy a tax, *without an election*, upon all taxable property in the corporate limits of the City for the payment of such deficiency. The City is required by law to levy a property tax upon all taxable property within the City 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*.** In addition, under the terms of the Resolution, the City may use funds in the general fund of the City in the event that the collection of special assessments is not sufficient for such purpose and then reimburse the general fund of the City from the collection of the tax so levied upon all taxable property within the City. **Pursuant to North Dakota Century Code Section 57-15-01.2(2)(f) any deficiency in tax levy pursuant to Section 40-26-08 *is exempt from* the three percent budget limitation set forth in HB 1176 and enacted into law during the sixty-ninth session of the North Dakota Legislative Assembly.**

The Warrants and Special Assessments

The Warrants for the Improvements in the Improvement Districts will be issued in connection with the Bonds in anticipation of the collection of special assessments levied or to be levied upon property within the Improvement Districts. The Warrants to be issued by the City in connection with the issuance of the Bonds for the Improvement Districts will bear interest at the average interest rate for the Bonds plus an administrative charge.

Pursuant to the Resolution, the City covenants and agrees that the Warrants are validly issued and the special assessments are validly levied against benefitted properties and tax or other revenue received for that purpose from the Warrants relating to the Improvements financed by the various Improvement Districts and are payable in years and amounts required by law. The City has covenanted that it will use due diligence to collect the Warrants and to levy and collect the special assessments and that it will preserve and enforce for the benefit of the holders from time to time of the Bonds all the rights, powers and privileges reserved to holders of the Warrants and all of the covenants of the City as provided in the resolutions authorizing the same.

State law requires, pursuant to the provisions of Section 40-26-08 of the North Dakota Century Code, that whenever special assessments appropriated and collected for the improvements for which warrants were issued are insufficient to pay principal or interest when due on such warrants, the governing body must levy a tax, *without an election and without limitation as to rate or amount*, upon all taxable property for the payment of such deficiency. Pursuant to the Resolution, the City acknowledges such obligation and has covenanted to levy a tax upon all taxable property within the City for the payment of such deficiency, if any. The City is also authorized, in its discretion, to levy such a tax if at any time a deficiency is deemed likely to occur within one year. Such taxes may be levied without limitation as to rate or amount. The City has covenanted and agreed that all collections thereof will be credited to the Bond Fund, pursuant to the Resolution. In addition, under the terms of the Resolution, the City may use funds in the general fund of the City in the event that the collection of special assessments is not sufficient for such purpose and then reimburse the general fund of the City from the collection of the tax so levied upon all taxable property within the City.

Under state law, a special assessment, together with all interest and penalties which accrue thereon, creates a lien upon the property upon which the assessment is levied, until the assessment is paid in full. Such lien has precedence over all other liens, except general tax liens, and is not divested by judicial sale.

See "APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF WEST FARGO, NORTH DAKOTA –TAX INFORMATION – Tax Levies and Collections" in this Official Statement.

Date of Record

The City acknowledges itself to be specially indebted and for value received promises to pay to the registered owner specified above or registered assigns, the principal amount specified above, but only from its Refunding Improvement Bonds, Series 2026 Bond Fund (the "Bond Fund") on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable on May 1 and November 1 in each year, commencing May 1, 2027*, 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 provisions referred to herein with respect to the redemption of the principal of this Bond before maturity. The interest hereon and, upon presentation and surrender hereof, the principal hereof 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 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.

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 City, to be designated as the Refunding Improvement Bonds, Series 2026 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 improvement warrant(s) shall thereupon become and shall thereafter be held as an asset of the Bond Fund, and the proceeds of all special assessments for each improvement warrant so acquired shall be held by the City in trust for the use and benefit of the holders from time to time of the Bonds herein authorized. The special assessments levied for each improvement 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 Bond first, Bonds bearing the same maturity dates being paid pro rata. The City 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.

Construction Fund

The City 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 reasonable, necessary and incidental thereto. To this fund shall be credited all proceeds of the Bonds, except accrued and capitalized 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.

REDEMPTION

Optional Redemption

Bonds maturing on or after May 1, 2035* shall be subject to redemption and prepayment at the option of the City on May 1, 2034* 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 Bonds maturing in 20__ (the "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:

Term Bonds Maturing in 20__

Redemption Date May 1	Principal Amount
20__	
20__	
20__ (maturity)	

Notice of Redemption

Not less than thirty (30) days prior to the date specified for redemption and prepayment of any of the Bonds, the City will cause notice of the call thereof to be sent by mail to the Bond Registrar, Paying Agent, and registered owner of the Bonds to be redeemed in whole or part at the address shown on the registration books of the Registrar.

*Preliminary, subject to change.

TAX MATTERS

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 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 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. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(K) of the Code) of applicable corporations for the purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022. Section 59(K) of the Code defines “applicable corporation” as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(K) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or North Dakota tax consequences caused by the receipt or accrual of interest in the Bonds or arising with respect to the Ownership of the Bonds.

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 the applicable percentage 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 accumulated 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.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Bonds or receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect federal or North Dakota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular status of other deductions. Bond Counsel expresses no opinion regarding any such consequences. Prospective purchasers or certificate holders should consult their tax advisors with respect to collateral tax consequences and applicable state and local tax rules in states other than North Dakota.

[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.

Non-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.

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 the 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.

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 on the improvement warrants, the City is required by state law to levy a tax, without an election, upon all taxable property in the corporate limits of the City for the payment of such deficiency. The City is also required by law to levy a property tax upon all taxable 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.

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 MATTERS – 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 MATTERS – 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 MATTERS – Tax Exemption" in this Official Statement.

Secondary Market

Although the Underwriter intends, but is not obligated, to make a market for the Bonds, there can be no assurance that there will be a secondary market for the Bonds, and the absence of such a market for the Bonds could result in investors not being able to resell the Bonds should they need or wish to do so.

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 "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.

Property Tax Cap in North Dakota

During the sixty-ninth session (2025) of the North Dakota Legislative Assembly, the North Dakota Legislative Assembly enacted and the Governor signed HB 1176 ("HB 1176"). HB 1176 is now codified in Sections 57-15-01.1 (Protection of Taxpayers and Taxing Districts) and 57-15-01.2 (Limitations on Levies by taxing districts without voter approval) of the North Dakota Century Code. Under the provisions of HB 1176, the amount of dollars certified in the annual budget of the governing body of a political subdivision cannot grow by more than the "Allowable Percentage Limit" of three percent (3%) (the "Three Percent Limitation"). However, the Three Percent Limitation does not apply to increased tax revenue generated by new growth or properties for which tax exemptions for economic development purposes/incentives have expired.

Further, pursuant to North Dakota Century Code Section 57-15-01.2(2)(f), the deficiency tax levy pursuant to Section 40-26-08 (the deficiency tax levy that is security for the Bonds) *is exempt from the* Three Percent Limitation set forth in HB 1176 and codified in Sections 57-15-01.1 and 01.2.

COVID-19 and Future Pandemics or Epidemics

The outbreak of any future pandemics or epidemics such as COVID-19 and the actions taken in response thereto may further impact, travel, commerce and financial markets globally. Such pandemics or epidemics may have material impact on global, regional and local economic conditions, and may adversely affect the financial condition of the City.

No assurance can be given that the City's finances, budget or operations will not be further adversely affected by future pandemics or other health emergencies. The State's finances may materially be adversely affected by future pandemics or other health emergencies.

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. 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.

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.

Bankruptcy Consideration

The rights and remedies of the holders of the Bonds are subject to various provisions of the federal Bankruptcy Code. Currently, North Dakota law does not allow North Dakota political subdivisions to petition for bankruptcy. However, in the event of a change in current law and if the City were to become a debtor in a bankruptcy case, its revenues and certain of its accounts receivable and other property created or otherwise acquired after the filing of such petition and for up to ninety (90) days prior to the filing of such petition may not be subject to the security interest created under the Resolution. The rights of the Paying Agent to enforce liens and security interests against the City's assets, including the City's revenues, could be delayed during the pendency of the reorganization proceedings if they were to occur.

Limitation on Remedies Available to Owners of Bonds

The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the City in issuing the Bonds are subject to the federal bankruptcy code and applicable enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

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 the Electronic Municipal Market Access (EMMA®) system administered by the Municipal Securities Rulemaking Board ("MSRB") (see APPENDIX D). 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 D.

Except as set forth in this paragraph, during the previous five years (2020-2026), the City believes it has complied in all material respects with its continuing disclosure obligations under Rule 15c2-12. The City entered into financial obligations in 2025 that were not disclosed until July 13, 2026 with a failure notice provided on July 14, 2026.

The City has since hired a dissemination agent in order to comply with the requirements of Rule 15c2-12 in the future.

A failure by the City to comply with any request 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.

All instances, if any, where the City has failed to comply with any previous written undertakings may be found on the Municipal Securities Rulemaking Board's internet web site http://emma.msrb.org and are included herein by specific reference as if stated in full. All prospective purchasers should review http://emma.msrb.org for past City compliance.

FUTURE FINANCING

The City plans to issue four clean water and drinking water state revolving fund loans totaling approximately $9,760,000 within the next six months.

RATING

Moody's Investors Service, Inc. has assigned the Bonds the rating of "Aa3". Such rating reflects only the view of Moody's Investors Service, Inc., and an explanation of the significance of such ratings may be obtained from Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, telephone (212) 553-0300. There is no assurance that this rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's Investors Service, Inc. if in the judgment of Moody's Investors Service Inc., circumstances so warrant. Any such downward revision or withdrawal of a 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.

UNDERWRITING

The Bonds have been awarded at a competitive sale to______________ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $___________ (representing the par amount of the Bonds, plus a premium (less underwriter's discount) of $____________). The notice of sale provides that the Underwriter 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.

MUNICIPAL ADVISOR

The City has retained Colliers Securities LLC of Bismarck, North Dakota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In assisting in the preparation of the Official Statement, the Municipal Advisor has relied upon City officials and other parties who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal 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.

LITIGATION

There is no controversy or litigation of any nature now pending, or to the knowledge of the City, (i) materially adversely affecting the financial resources of the City, or (ii) threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, the levy of the special assessments to pay for the improvements to the Districts, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the City taken with respect to the issuance of the Bonds.

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 and the Resolution are valid and binding obligations of the City. See "APPENDIX C – 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.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

CITY OF WEST FARGO, NORTH DAKOTA

/s/ Dustin Scott
City Administrator

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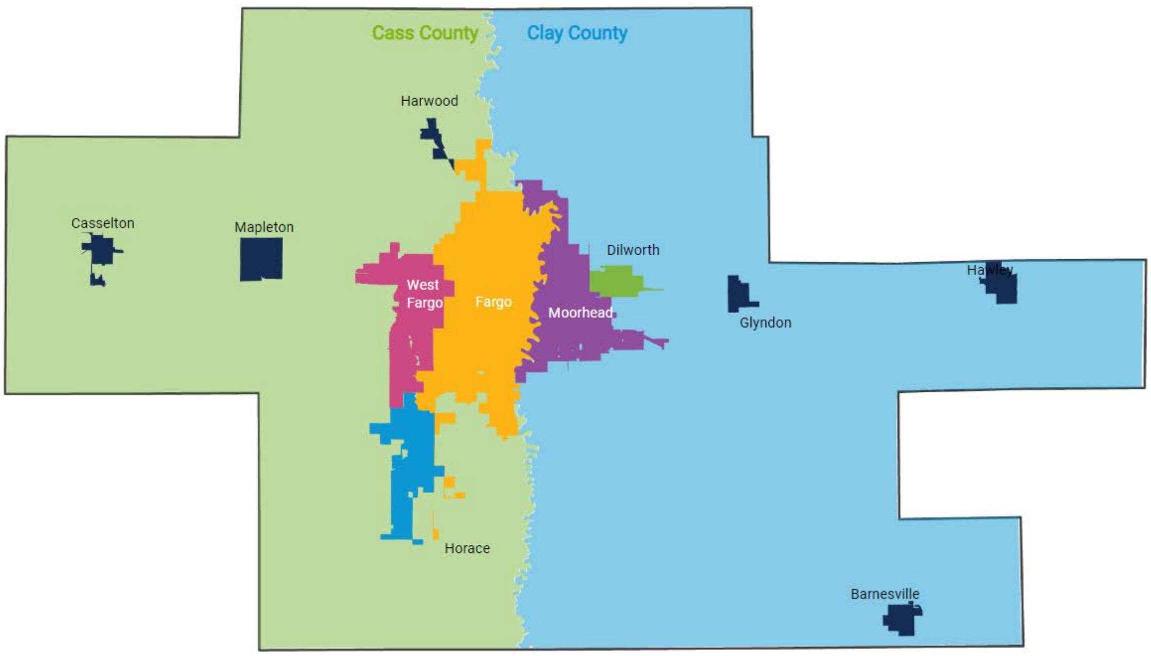
APPENDIX A–
CITY OF WEST FARGO, NORTH DAKOTA

GENERAL INFORMATION

The City

The City of West Fargo is located in east central North Dakota in the West Fargo, Fargo, Moorhead metropolitan area (total area 2025 estimated population of 269,528). 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. The location of the City is on the eastern border of North Dakota with Minnesota and is approximately 380 miles from the center of the Bakken Field in western North Dakota.

The map below highlights the Fargo Moorhead Metropolitan areas and the City of West Fargo.



Source: Fargo-Moorhead Metropolitan Council of Governments

On 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. According to the 2010 census the population was 25,830 and the 2020 decennial population was 38,626.

Financial services for City residents are handled by eight commercial banks.

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, located approximately three to four miles from downtown, provides general aviation services to the City. Additionally, the Hector International Airport, owned by the City of Fargo, is located approximately six miles from downtown and provides several commercial flights daily. Numerous truck lines and the accessibility of the Burlington Northern Railroad round out the transportation network by providing freight transport.

Education (K-12) is provided by the West Fargo Public School District No. 6 (the "School District"). The School District covers an area of over 81,280 acres and serves a population of approximately 85,569. The School District currently operates 30 facilities. Fall enrollment for the 2025-2026 school year was 13,211. The School District employs approximately 1,980 people. North Dakota State University is located in nearby Fargo. Other community assets include numerous churches, service and civic organizations.

Governmental Organization and Services

The City of West Fargo operates under the Commission form of government. The five-member Board of City Commissioners is elected for four-year staggered terms. Current members and their positions are as follows:

Member	Term Expires	Position
Eric Gjerdevig	June 2030	Board President (Mayor)
Tyler Erickson	June 2030	Commissioner
Patti Stedman	June 2030	Commissioner
Amy Zundel	June 2028	Commissioner
Rory Jorgensen	June 2028	Commissioner

The Board meets in regular session on the first and third Mondays of each month, and otherwise as needed. The City Administrator, Dustin Scott, works under the direction of the Board and provides leadership to all departments. The City of West Fargo currently employs 343 people and provides complete services for water and sewer utilities, garbage collection, street maintenance, and public safety through police and fire. The City's official newspaper is the Forum.

The address of the City is:

City of West Fargo
City Hall
2515 Sixth Street East
West Fargo ND 58078
http://www.westfargond.gov

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Statistics

The population of the City is as follows.

Year	Population
2025 (est)	41,175
2020	38,626
2010	25,830
2000	14,940
1990	12,287
1980	10,099

Source: US Census Bureau

Annual Unemployment Figures

	Labor Force		Unemployment Rate			
Year	West Fargo	Cass County	West Fargo	Cass County	North Dakota	United States
2025	24,897	119,728	2.3%	2.5%	2.6%	4.3%
2024	24,581	118,010	2.1	2.2	2.4	4.0
2023	24,465	116,398	1.7	1.8	2.0	3.6
2022	24,183	114,220	1.6	1.8	2.1	3.6
2021	23,704	111,434	2.3	2.4	3.1	5.3
2020	23,272	108,760	3.7	4.1	5.0	8.1
2019	22,794	108,175	1.8	1.8	2.2	3.7
2018	22,183	106,690	1.9	2.0	2.4	3.9

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

2026 Unemployment Figures

2026 Monthly	Labor Force West Fargo	Labor Force Cass County	Unemployment Rate West Fargo	Unemployment Rate Cass County	Unemployment Rate North Dakota	Unemployment Rate United States
January	24,793	119,246	2.7%	3.0%	3.2%	4.7%
February	24,852	119,330	2.8	2.9	3.1	4.7
March	24,888	119,384	2.6	2.7	2.8	4.3
April	24,765	118,680	2.2	2.2	2.2	4.0
May	24,726*	118,753*	1.7*	1.8*	1.9*	4.1

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

Employment Wage Statistics

The table below shows estimated average wage information for the fourth quarter of 2025.

Area Name	Number of Employees	Average Hourly Wage	Average Weekly Wage	Average Annual Wage
Cass County, ND	129,837	$34.20	$1,368	$71,136
North Dakota	434,006	33.75	1,350	70,200

Source: ND Labor Market Information Center, Job Service ND, QCEW Unit (40-hr work week, year round)

2024 Income Descriptions

Entity	Median Household Income(1)	Per Capita Personal Income(2)	Total Personal Income(2)
Cass County	$ 77,790	$ 74,118	$ 14,893,611,000
North Dakota	88,080	72,037	57,153,400,000
United States	83,730	73,227	24,897,613,000,000

Source: Labor Market Information Center, Job Service North Dakota, QCEW Unit
(1) Income source from U.S. Census Bureau
(2) Income source from U.S. Bureau of Econ Analysis

Cass County Residential Building Permits

Year	Single Family Issued	Single Family Costs	Multi Family Issued	Multi Family Costs	Total Residential Issued	Total Residential Costs
2025	659	$232,953,742	7	$76,983,068	666	$309,936,810
2024	728	265,277,204	34	86,043,666	762	351,320,870
2023	707	224,517,626	11	158,315,410	718	382,833,036
2022	1,006	337,620,096	23	129,439,526	1,029	467,059,622
2021	1,030	322,190,289	15	109,318,699	1,045	431,508,988
2020	992	279,022,788	11	70,343,869	1,003	349,366,657
2019	752	189,953,938	4	48,847,333	756	238,801,271
2018	879	214,813,970	30	111,178,578	909	325,992,548

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

Industry Employment Distribution

The table below shows the distribution of industries in Cass County for the 4th quarter, 2025.

Industry	Establishments	Employees
Health Care and Social Assistance	1,110	25,298
Retail Trade	758	13,158
Manufacturing	288	10,945
Accommodation and Food Services	530	10,443
Construction	986	9,719
Educational Services	140	9,522
Finance and Insurance	658	7,843
Wholesale Trade	914	7,781
Transportation and Warehousing	323	6,809
Professional and Technical Services	1,366	6,531

Source: ND Labor Market Information Center, Job Service ND, QCEW Unit

Largest Employers in the Area

Employer	Type of Business	Approximate Number of Employees
Sanford Health	Healthcare	6,278
Essentia Health	Hospital	2,848
West Fargo Public School District	Education	2,541
North Dakota State University	Education	2,167
Fargo Public School District	Education	2,064
Fargo VA Health Care System	Healthcare	1,380
City of Fargo	Government	1,125
Coborns Inc.	Grocery Store	1,070
Scheels All Sports	Retail	723
Noridian	Administration	509

Sources: The Chamber – Fargo, Moorhead, West Fargo, individual employers.

Bordering on the City, there are several other large employers including West Acres Mall, a shopping center, Blue Cross of North Dakota, Holiday Inn, a Target store, and a Wal-Mart.

Taxable Sales and Purchases

Year	City of West Fargo	Cass County
2025	$573,588,557	$3,577,200,517
2024	559,375,596	3,599,805,912
2023	570,489,507	3,719,545,447
2022	554,894,921	3,652,397,913
2021	501,752,709	3,427,228,544
2020	404,364,874	2,873,271,025
2019	384,854,076	3,007,782,473

Source: North Dakota Office of State Tax Commissioner, North Dakota Sales and Use Tax Statistical Report, as of 05/18/26

2026 Quarterly Taxable Sales and Purchases

2026	City of West Fargo	Cass County
1st Quarter	$134,001,330	$763,526,649

Source: North Dakota Office of State Tax Commissioner, North Dakota Sales and Use Tax Statistical Report, as of 05/18/26

FINANCIAL INFORMATION

Financial Positions and Operations

This summarizes the year-end fund balances, and General Fund revenues, expenditures and fund balances for the City for the three most recent fiscal years.

General Fund Revenues, Expenditures and Changes in Fund Balances

	2022	2023	2024
REVENUES			
General property taxes	$10,676,521	$11,624,443	$12,864,454
Special assessments	188,095	201,758	174,272
Charges for services	45,743	42,623	1,961,847
Licenses and permits	3,525,535	2,989,335	3,544,123
Intergovernmental	2,785,956	3,875,760	3,037,111
Fines and forfeitures	330,576	297,348	325,147
Sales tax	157,188	171,962	207,147
Other tax	1,885,326	1,953,109	1,978,289
Interest	256,744	985,474	241,218
Miscellaneous	433,482	314,128	304,085
Total Revenues	$20,285,166	$22,455,940	$24,637,693
EXPENDITURES			
Current:			
General government	$ 7,824,660	$ 9,371,419	$10,898,106
Public safety	9,511,671	10,982,656	12,292,884
Public works	3,584,727	3,969,698	3,574,652
Culture and recreation	1,007,216	1,173,306	1,612,464
Miscellaneous	-	--	--
Capital Outlay	2,715,359	1,660,452	8,548,686
Debt Service:			
Principal	73,080	228,565	422,761
Interest and fees	2,396	10,112	439,214
Total Expenditures	$24,719,109	$27,396,208	$37,788,767
Excess of Revenue Over (Under) Expenditures	(4,433,943)	(4,940,268)	(13,151,074)
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	81,633	54,240
Transfers In	2,480,589	3,180,664	1,864,021
Transfers Out	(5,769,134)	--	(1,840,561)
Lease Proceeds	--	197,769	7,963,874
SBITA Proceeds	--	433,605	328,866
Net Change in Fund Balances	(7,722,488)	(1,046,597)	(4,780,724)
FUND BALANCE - Beginning January 1:	$27,968,262	$20,245,774	$19,199,177
Prior Period Adjustment	1,692,696		
FUND BALANCE - Ending December 31:	$20,245,774	$19,199,177	$14,418,453

Source: Audited Financial Statements of the City

Funds on Hand

The City has the following funds on hand as of May 31, 2026.

Fund	Amount
General	$18,585,286
Sales Tax	57,002,960
Special Revenue	7,668,177
Capital	(26,124,767)[1]
Debt Service	55,424,631
Enterprise	13,014,923
Trust and Agency	5,962,496
Total	$131,533,706

Source: The City

(1) The Capital Fund is currently negative due to current and ongoing construction projects in the City and funding will be recovered through excess sales tax collections, dedicated special revenue funds, dedicated enterprise funds, debt issuance, federal, state and grant funding programs.

VALUATIONS

Year	Full & True / Market Valuation	Assessed Valuation	Taxable Valuation
2025	$6,112,485,900	$3,056,242,950	$285,947,666
2024	5,823,238,500	2,911,619,250	272,557,343
2023	5,467,715,554	2,733,857,777	256,044,339
2022	4,953,531,100	2,476,765,550	232,083,049
2021	4,247,704,100	2,123,852,050	198,649,775
2020	4,048,632,989	2,024,316,494	187,772,574
2019	3,738,053,300	1,869,026,650	173,565,972

Source: Cass County Finance Office, including TIF District.

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.

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BONDED DEBT

General Obligation Bonds

None.

Refunding Improvement Bonds and Other Warrants

Date	PAR Amount	Description	Final Maturity	Amount Outstanding[1]
03/31/14	$17,750,000	Refunding Improvement Bonds of 2014, A	05/01/38	$ 7,855,000
12/01/14	20,460,000	Refunding Improvement Bonds of 2014, B	05/01/39	10,340,000
07/01/15	28,180,000	Refunding Improvement Bonds of 2015, A	05/01/40	14,150,000
12/30/15	24,470,000	Refunding Improvement Bonds of 2015, B	05/01/40	14,210,000
10/01/16	10,000,000	Infrastructure Loan	09/01/41	6,901,202
11/18/16	27,140,000	Refunding Improvement Bonds of 2016, A	05/01/41	15,090,000
09/01/17	36,860,000	Refunding Improvement Bonds of 2017, A	05/01/42	26,535,000
12/11/17	5,000,000	Infrastructure Loan	09/01/43	3,893,494
09/05/18	30,230,000	Refunding Improvement Bonds of 2018, B	05/01/43	23,215,000
02/15/19	7,905,000	Refunding Improvement Bonds of 2019, A	05/01/34	2,430,000
12/23/19	55,105,000	Refunding Improvement Bonds of 2019, B	05/01/45	40,040,000
12/21/20	66,430,000	Refunding Improvement Bonds, Series 2020A	05/01/45	50,070,000
03/15/21	7,060,000	Refunding Improvement Bonds, Series 2021A	05/01/37	4,375,000
03/15/21	8,545,000	Taxable Refunding Improvement Bonds, 2021B	05/01/38	5,015,000
08/02/22	6,055,000	Refunding Improvement Bonds, Series 2022A	05/01/47	5,420,000
10/21/24	15,980,000	Refunding Improvement Bonds, Series 2024	05/01/50	15,615,000
05/22/25	6,100,000	Clean Water State Revolving Fund Loan	09/01/56	4,787,570
05/13/25	750,000	Drinking Water State Revolving Fund Loan	09/01/56	735,695
08/31/26	8,810,000	Refunding Improvement Bonds, Series 2026	05/01/51	8,810,000*
		Total		**$259,487,961***

*Preliminary, subject to change.

(1) Amount outstanding as of 06/25/2026, plus the Bonds.

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 "THE BONDS – Security for the Bonds" for specific details.

The City finances the construction of local improvements (e.g., water mains, sewer mains, sidewalk and street improvements) with Refunding Improvement Bonds and other warrants. 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.

Revenue Bonds

Year	PAR Amount	Purpose	Final Maturity	Amount Outstanding[1]
2009	530,000	Municipal Bonds of 2009 (TIF)	06/01/2039	$ 325,000
2012	9,145,000	Water and Sewer Refunding Revenue Bonds	11/01/2030	2,960,000
2019	5,905,000	Water and Sewer Refunding Revenue Bonds	05/01/2034	4,150,000
2020	18,645,000	Taxable Gross Revenue Bonds, 2020	05/01/2045	15,885,000
2025	8,500,000	Clean Water State Revolving Fund Loan	09/01/2056	5,576,694
2025	2,700,000	Drinking Water State Revolving Fund Loan	09/01/2056	2,052,654
		Total		**$ 30,949,348**

(1) Amount outstanding as of 06/25/2026.

Appropriation Bonds

Date	PAR Amount	Purpose	Final Maturity	Amount Outstanding[1]
05/11/22	$10,000,000	Public Safety Annual Appropriation Bonds, Series 2022	12/01/2042	$ 8,785,000
		Total		**$ 8,785,000**

(1) Amount outstanding as of 06/25/2026.

Other Lease/Loan Debt

Purpose	Outstanding as of 12/31/2025*
Capital Leases (now classified as Right to Use per GASB 87)	$8,495,949

Outstanding Debt[(1)]*

Year	Outstanding Revenue Bonds	Outstanding Appropriation Bonds	Outstanding Refunding Improvement Bonds	The Bonds	Total Refunding Improvement Bonds	Total Outstanding Debt
2026	$555,000	$375,000	--	--	--	$930,000
2027	1,585,000	390,000	$14,435,000	$150,000	$14,585,000	16,560,000
2028	1,620,000	405,000	14,300,000	235,000	14,535,000	16,560,000
2029	1,675,000	420,000	14,330,000	240,000	14,570,000	16,665,000
2030	1,720,000	435,000	14,390,000	245,000	14,635,000	16,790,000
2031	1,120,000	455,000	14,470,000	250,000	14,720,000	16,295,000
2032	1,160,000	470,000	14,515,000	265,000	14,780,000	16,410,000
2033	1,200,000	490,000	14,510,000	270,000	14,780,000	16,470,000
2034	1,705,000	510,000	14,570,000	280,000	14,850,000	17,065,000
2035	780,000	530,000	14,410,000	290,000	14,700,000	16,010,000
2036	795,000	550,000	14,280,000	300,000	14,580,000	15,925,000
2037	815,000	570,000	13,565,000	310,000	13,875,000	15,260,000
2038	840,000	590,000	12,405,000	320,000	12,725,000	14,155,000
2039	865,000	615,000	11,695,000	335,000	12,030,000	13,510,000
2040	850,000	635,000	11,190,000	345,000	11,535,000	13,020,000
2041	875,000	660,000	9,435,000	360,000	9,795,000	11,330,000
2042	900,000	685,000	8,820,000	375,000	9,195,000	10,780,000
2043	930,000		6,935,000	395,000	7,330,000	8,260,000
2044	955,000		5,315,000	410,000	5,725,000	6,680,000
2045	2,035,000		5,490,000	430,000	5,920,000	7,955,000
2046			1,200,000	445,000	1,645,000	1,645,000
2047			1,250,000	465,000	1,715,000	1,715,000
2048			915,000	485,000	1,400,000	1,400,000
2049			950,000	510,000	1,460,000	1,460,000
2050			985,000	540,000	1,525,000	1,525,000
2051			0	560,000	560,000	560,000
Total	**$22,980,000**	**$8,785,000**	**$234,360,000**	**$8,810,000**	**$243,170,000**	**$274,935,000**

(1) Amount outstanding as of 06/25/2026, plus the Bonds.
* Preliminary, subject to change.
Note: Does not include the 2016 Infrastructure Loan, 2018 Infrastructure Loan, 2025 Clean Water State Revolving Fund Loan, and the 2025 Drinking Water State Revolving Fund Loan listed on page A-7 under Refunding Improvement Bonds and Other Warrants or the 2025 Clean Water State Revolving Fund Loan and 2025 Drinking Water State Revolving Fund Loan listed on page A-7 under Revenue Bonds.

Overlapping General Obligation Bonded Indebtedness

Entity	2025 Taxable Valuation[(1)]	Tax Supported Bonded Debt[(2)]	City's Share
Cass County	$1,409,833,994	$ 115,000	$ 23,325
West Fargo School District	653,436,389	269,699,568	118,022,142
West Fargo Airport Authority	285,947,666	0	0
West Fargo Park District	285,947,666	23,765,000	23,765,000
Total Overlapping Tax Supported Bonded Debt			$141,810,467

(1) Source: Cass County Levy Book.
(2) Includes general obligation debt supported by special assessments. Excludes State debt. Balance as of December 31, 2025.

Debt Ratios

2025 Full and True Value / Market Value (100%)	$6,112,485,900
2025 Assessed Value (50%)	$3,056,242,950
2025 Taxable Value	$285,947,666
2025 Population	41,175

Outstanding Debt as of 06/25/2026 (including the Bonds)

Total Direct General Obligation Debt:	$ 0
Total Refunding Improvement Bond and Other Warrant Debt*:	259,487,961
Total Revenue Bonded Debt:	30,949,348
Total Appropriation Debt	8,785,000
Total Overlapping General Obligation Bonded Debt:	141,810,467
Total Outstanding Debt*:	$441,032,776

		Percentage of the following Valuations		
	Per Capita Debt	**Taxable Valuation**	**Assessed Valuation**	**Full & True/ Market Valuation**
Direct General Obligation Debt	$ 0.00	0.00%	0.00%	0.00%
Refunding Improvement Bond and Other Warrant Debt*	6,302.08	90.75	8.49	4.25
Revenue Debt	751.65	10.82	1.01	0.51
Appropriation Debt	213.36	3.07	0.29	0.14
Overlapping Debt	3,444.09	49.59	4.64	2.32
Total*	$10,711.18	154.23%	14.43%	7.22%

*Preliminary, subject to change.

(1) Amount outstanding as of 06/25/2026, plus the Bonds.

TAX INFORMATION

Tax Levies and Collections

Year of Levy	Amount of Levy	Amount Collected as of 05/31/2026	Percentage Collected
2025	$21,740,032	$19,529,799	89.83%
2024	22,726,400	20,942,677	92.15
2023	22,751,981	21,024,882	92.41
2022	20,507,453	19,101,221	93.14
2021	19,471,569	19,041,667	97.79
2020	17,384,745	16,578,913	95.36
2019	16,266,908	15,558,341	95.64
2018	14,854,585	13,962,360	93.99

Source: Cass County Finance Office

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 Taxpayers

The ten largest property taxpayers in the City are identified below.

Taxpayer	2025 Taxable Value	Percentage of Taxable Value
Lake Crest Partners LLC	$1,903,420	0.67%
L46 Apartments LLC	1,756,520	0.61
Northern States Power Co	1,567,129	0.55
Northern Lights on Sheyenne LLC	1,523,660	0.53
Costco Wholesale Corp	1,029,860	0.36
WF Real Estate LLC	1,025,250	0.36
Shadow Bay Apartments LLC	976,575	0.34
Caterpillar Remanufacturing Drive Tr	910,170	0.32
Brookwood Estates LLC	877,905	0.31
Cargill Inc	797,890	0.28

Source: Cass County Finance Office

City Mill Levy

	2021	2022	2023	2024	2025
General Fund	53.04	52.07	52.09	68.34	69.53
Library	8.45	8.39	8.40	9.20	8.90
Share of Specials	1.12	1.12	0.85	0.85	0.82
Airport	0.81	0.81	0.81	0.81	0.35
Fire Department	17.72	17.60	17.60	0.00	0.00
Total	81.14	79.99	79.75	79.20	79.60

Source: Property Tax Summary, Cass County Finance Office

Mill Levy Summary

Year	State/County	School	City	Park	Other	Total
2025	49.68	144.68	79.60	28.30	3.93	306.19
2024	48.05	129.42	79.20	28.63	4.62	289.92
2023	48.05	129.53	79.75	28.56	4.54	290.43
2022	53.74	136.10	79.99	28.59	1.49	299.91
2021	54.49	143.16	81.14	28.84	1.49	309.12
2020	55.00	139.45	77.47	26.55	1.44	299.91
2019	56.41	137.26	77.98	27.06	1.38	300.09
2018	48.00	133.31	73.22	26.99	9.04	290.56

Sources: ND League of Cities Taxable Valuation and Tax Levies, Property Tax Summary, Cass County Finance Office

EMPLOYEE PENSION AND OTHER POST RETIREMENT BENEFITS

The City 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 East Broadway, Suite 505, P.O. Box 1214, Bismarck, North Dakota 58502-1214.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024 – Note 9 – Pension Plan" and " – Note 10 – Other Post-Employment Benefits" in this Official Statement.

APPENDIX B–
AUDITED FINANCIAL REPORT

CITY OF WEST FARGO, NORTH DAKOTA
AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024

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Financial Statements
December 31, 2024

City of West Fargo, North Dakota

Elected	Position	Term Expires
Bernie Dardis	Mayor/President of City Commission	6/30/2026
Brad Olson	Vice President of City Commission	6/30/2026
Roben Anderson	City Commissioner	6/30/2026
Amy Zundel	City Commissioner	6/30/2028
Rory Jorgensen	City Commissioner	6/30/2028

Administration		
Dustin Scott	City Administrator	
Willy Galindo	Director of Finance	

Independent Auditor's Report

The Board of City Commissioners
City of West Fargo, North Dakota

Report on the Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison schedule for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended December 31, 2024. Accordingly, a restatement of the governmental activities, business-type activities, water & sewer fund, and garbage fund net position as of January 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability and schedules of employer's contributions and schedule of employer's share of net OPEB liability and schedule of employer's contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of elected and appointed officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
September 16, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 60,357,765	$ 7,012,640	$ 67,370,405
Restricted cash	1,803,568	1,129,566	2,933,134
Investments	34,856,318	6,404,229	41,260,547
Receivables			
Accounts	1,142,439	1,907,462	3,049,901
Interest	213,022	-	213,022
Property taxes	155,279	-	155,279
Special assessments	237,315,535	-	237,315,535
Notes	862,033	-	862,033
Due from other governmental units	3,240,518	-	3,240,518
Leases	4,270,141	260,273	4,530,414
Interfund balances	316,793	(316,793)	-
Prepaid items	707,870	25,884	733,754
	345,241,281	16,423,261	361,664,542
Capital assets			
Capital assets, not being depreciated	65,208,482	1,857,610	67,066,092
Capital assets, net of accumulated depreciation	185,770,767	309,407,865	495,178,632
Right to use leased assets, net of accumulated amortization	8,366,101	-	8,366,101
Subscription-based IT assets, net of accumulated amortization	594,533	-	594,533
Total capital assets	259,939,883	311,265,475	571,205,358
Total assets	605,181,164	327,688,736	932,869,900
Deferred Outflows of Resources			
Related to pensions	15,177,356	1,242,772	16,420,128
Related to OPEB	493,204	82,291	575,495
Total deferred outflows of resources	15,670,560	1,325,063	16,995,623

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 1,872,338	$ 424,998	$ 2,297,336
Retainage payable	561,989	-	561,989
Due to other governments	105,808	-	105,808
Accrued interest payable	1,425,558	39,805	1,465,363
Other liabilities	934,248	146,266	1,080,514
Unearned revenues	483,468	-	483,468
Long-term liabilities			
Due within one year - other than pension and OPEB	18,560,132	1,236,737	19,796,869
Due in more than one year - other than pension and OPEB	301,554,195	7,481,734	309,035,929
Net pension liability	21,932,348	2,784,798	24,717,146
Net OPEB liability	1,108,269	184,914	1,293,183
Total liabilities	348,538,353	12,299,252	360,837,605
Deferred Inflows of Resources			
Related to pensions	12,057,403	1,305,510	13,362,913
Related to OPEB	128,168	21,385	149,553
Related to leases	3,945,747	211,372	4,157,119
Total deferred inflows of resources	16,131,318	1,538,267	17,669,585
Net Position			
Net investment in capital assets	262,072,188	303,290,475	565,362,663
Restricted	75,238,589	1,129,566	76,368,155
Unrestricted	(81,128,724)	10,756,239	(70,372,485)
Total net position	$ 256,182,053	$ 315,176,280	$ 571,358,333

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government							
Governmental activities							
General government	$ 18,444,496	$ 3,092,854	$ 1,737,645	$ -	$ (13,613,997)	$ -	$ (13,613,997)
Public safety	14,442,297	6,224,741	559,409	-	(7,658,147)	-	(7,658,147)
Public works	16,871,000	-	-	9,349,425	(7,521,575)	-	(7,521,575)
Culture and recreation	5,915,969	352,913	1,244,967	-	(4,318,089)	-	(4,318,089)
Economic development	1,450,549	75,000	15,673	-	(1,359,876)	-	(1,359,876)
Interest on long-term debt	7,855,414	-	-	-	(7,855,414)	-	(7,855,414)
Total governmental activities	64,979,725	9,745,508	3,557,694	9,349,425	(42,327,098)	-	(42,327,098)
Business-type activities							
Water & sewer	23,574,564	14,359,899	-	75,000	-	(9,139,665)	(9,139,665)
Garbage	6,360,513	6,210,516	-	-	-	(149,997)	(149,997)
Total business-type activities	29,935,077	20,570,415	-	75,000	-	(9,289,662)	(9,289,662)
Total government	$ 94,914,802	$ 30,315,923	$ 3,557,694	$ 9,424,425	(42,327,098)	(9,289,662)	(51,616,760)
General revenues							
Sales and use tax					20,714,727	-	20,714,727
Property taxes					22,029,667	-	22,029,667
State aid					5,462,162	-	5,462,162
Unrestricted investment earnings					4,931,456	712,166	5,643,622
Gain on sale of capital assets					-	26,979	26,979
Miscellaneous					181,195	828,534	1,009,729
Transfers and capital asset contributions					(1,593,561)	1,593,561	-
Total general revenues and transfers and capital asset contributions					51,725,646	3,161,240	54,886,886
Change in net position					9,398,548	(6,128,422)	3,270,126
Net position - beginning, as previously reported					248,048,333	321,502,296	569,550,629
Adjustments (Note 15)					(1,264,828)	(197,594)	(1,462,422)
Net position - beginning, as restated					246,783,505	321,304,702	568,088,207
Net position - ending					$ 256,182,053	$ 315,176,280	$ 571,358,333

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 8,670,193	$ 6,208,672	$ 33,548,631	$ 11,930,269	$ 60,357,765
Restricted cash	22,424	-	1,732,328	48,816	1,803,568
Investments	5,316,520	1,703,015	20,521,199	7,315,584	34,856,318
Due from other funds	587,396	599,870	1,230,600	649,436	3,067,302
Receivables					
Accounts	224,030	800,489	4,992	112,928	1,142,439
Property taxes	101,350	-	-	53,929	155,279
Interest	213,022	-	-	-	213,022
Special assessments	-	89,313	237,226,222	-	237,315,535
Notes	-	-	-	862,033	862,033
Due from other governmental units	828,663	1,242,359	202,749	966,747	3,240,518
Leases	-	-	-	4,270,141	4,270,141
Prepaid items	113,191	-	-	594,679	707,870
Total assets	$ 16,076,789	$ 10,643,718	$ 294,466,721	$ 26,804,562	$ 347,991,790
Liabilities					
Accounts payable	$ 871,042	$ 883,479	$ -	$ 117,817	$ 1,872,338
Retainage payable	-	561,989	-	-	561,989
Accrued payroll	661,976	-	-	231,835	893,811
Due to other governments	-	-	-	105,808	105,808
Due to other funds	-	-	2,127,957	622,552	2,750,509
Other liabilities	23,968	-	-	16,469	40,437
Unearned revenue	-	483,468	-	-	483,468
Total liabilities	1,556,986	1,928,936	2,127,957	1,094,481	6,708,360
Deferred Inflows of Resources					
Unavailable revenue-property taxes and special assessments	101,350	89,313	237,226,222	53,929	237,470,814
Related to leases	-	-	-	3,945,747	3,945,747
Total deferred inflows of resources	101,350	89,313	237,226,222	3,999,676	241,416,561
Fund Balance					
Nonspendable					
Prepaid items	113,191	-	-	594,679	707,870
Notes receivable	-	-	-	862,033	862,033
Restricted for					
Capital projects	-	8,625,469	-	-	8,625,469
Debt service	-	-	55,112,542	-	55,112,542
General government	-	-	-	1,842,347	1,842,347
Public safety	-	-	-	340,293	340,293
Public works/streets	-	-	-	880,078	880,078
Economic development	-	-	-	17,063,329	17,063,329
Committed					
Public Safety	-	-	-	127,646	127,646
Unassigned	14,305,262	-	-	-	14,305,262
Total fund balance	14,418,453	8,625,469	55,112,542	21,710,405	99,866,869
Total liabilities, deferred inflows of resources, and fund balance	$ 16,076,789	$ 10,643,718	$ 294,466,721	$ 26,804,562	$ 347,991,790

Total Fund Balances – Governmental Funds	$ 99,866,869
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	259,939,883
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds.	237,470,814
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	3,484,989
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. In the current period these amounts are:	
Special assessment bonds	(263,060,000)
Revenue bonds	(17,175,000)
Annual appropriation bonds	(9,145,000)
BND drawdown	(11,335,547)
Bond premium	(5,921,258)
Leases payable	(9,088,821)
SBITAs payable	(473,754)
Compensated absences	(3,914,947)
Accrued interest	(1,425,558)
Net pension liability	(21,932,348)
OPEB liability	(1,108,269)
Total Net Position – Governmental Activities	$ 256,182,053

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	$ 12,864,454	$ -	$ 2,352,999	$ 6,812,214	$ 22,029,667
Special assessments	174,272	32,184	21,840,013	3,250	22,049,719
Charges for services	1,961,847	-	-	668,003	2,629,850
Licenses and permits	3,544,123	-	-	28,868	3,572,991
Intergovernmental	3,037,111	4,638,813	-	1,649,684	9,325,608
Fines and forfeitures	325,147	-	-	-	325,147
Sales tax	207,147	12,437,058	-	8,070,522	20,714,727
Other tax	1,978,289	-	-	460,706	2,438,995
Interest	241,218	198,095	3,298,604	1,264,777	5,002,694
Miscellaneous	304,085	183,651	-	512,139	999,875
Total revenues	24,637,693	17,489,801	27,491,616	19,470,163	89,089,273
Expenditures					
Current					
General government	10,898,106	93,813	-	10,462,561	21,454,480
Public safety	12,292,884	-	-	549,265	12,842,149
Public works	3,574,652	-	-	-	3,574,652
Culture and recreation	1,612,464	-	-	1,973,160	3,585,624
Miscellaneous	-	-	-	80,813	80,813
Capital outlay	8,548,686	24,508,728	82,616	1,573,886	34,713,916
Debt service					
Principal	422,761	-	16,830,736	281,051	17,534,548
Interest and fees	439,214	235,865	9,306,352	63,129	10,044,560
Total expenditures	37,788,767	24,838,406	26,219,704	14,983,865	103,830,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,151,074)	(7,348,605)	1,271,912	4,486,298	(14,741,469)
Other Financing Sources (Uses)					
Sale of assets	54,240	-	-	61,590	115,830
Bond proceeds	-	15,980,000	-	-	15,980,000
Premium on bonds	-	476,044	-	-	476,044
Lease proceeds	7,963,784	-	-	65,950	8,029,734
SBITA proceeds	328,866	-	-	-	328,866
Transfers in	1,864,021	5,185,222	1,696,212	4,468,695	13,214,150
Transfers out	(1,840,561)	(2,551,728)	(582,703)	(4,807,767)	(9,782,759)
Total other financing sources (uses)	8,370,350	19,089,538	1,113,509	(211,532)	28,361,865
Net Change in Fund Balance	(4,780,724)	11,740,933	2,385,421	4,274,766	13,620,396
Fund Balance (Deficit), Beginning	19,199,177	(3,115,464)	52,727,121	17,435,639	86,246,473
Fund Balance, Ending	$ 14,418,453	$ 8,625,469	$ 55,112,542	$ 21,710,405	$ 99,866,869

Net Change in Fund Balances - Total Governmental Funds	$ 13,620,396
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period these amounts are:	
Capital outlay	34,631,300
Contribution of capital assets to proprietary fund	(5,024,953)
Depreciation/amortization expense	(13,930,143)
The net effect of the disposal of capital assets is to decrease net position.	(644,154)
Revenues in the statement of activities that do not provide current financial resources are deferred and not reported as revenues in the funds.	(12,700,294)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(468,966)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	1,080,001
In the statement of activities OPEB obligations are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(108,571)
Interest payable is reported in the government wide statement of net position but is not recorded in the governmental funds.	(103,460)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds Neither transaction, however, has any effect on net position. In the current period these amounts are:	
Bonds issued, net of related premiums	(16,456,044)
Leases issued	(8,029,734)
SBITAs issued	(328,866)
Lease retirement	544,524
SBITA retirement	159,289
Bond principal retirement	16,830,735
Amortization of bond premium	327,488
Change in Net Position of Governmental Activities	$ 9,398,548

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
General property taxes	$ 13,063,671	$ 12,864,454	$ (199,217)
Special assessments	10,000	174,272	164,272
Charges for services	1,572,167	1,961,847	389,680
Licenses and permits	5,564,324	3,544,123	(2,020,201)
Intergovernmental	2,877,095	3,037,111	160,016
Fines and forfeitures	320,500	325,147	4,647
Sales tax	-	207,147	207,147
Other tax	73,650	1,978,289	1,904,639
Interest	2,338,770	241,218	(2,097,552)
Miscellaneous	52,090	304,085	251,995
Total revenues	25,872,267	24,637,693	(1,234,574)
Expenditures			
Current			
General government	10,922,212	10,898,106	24,106
Public safety	12,750,824	12,292,884	457,940
Public works/streets	3,859,987	3,574,652	285,335
Culture and recreation	1,297,897	1,612,464	(314,567)
Capital outlay	1,807,900	8,548,686	(6,740,786)
Debt service			
Principal	-	422,761	(422,761)
Interest and fees	-	439,214	(439,214)
Total expenditures	30,638,820	37,788,767	(7,149,947)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,766,553)	(13,151,074)	(8,384,521)
Other Financing Sources (Uses)			
Sale of assets	-	54,240	54,240
Lease proceeds	-	7,963,784	7,963,784
SBITA proceeds	-	328,866	328,866
Transfers in	4,322,355	1,864,021	(2,458,334)
Transfers out	(183,569)	(1,840,561)	(1,656,992)
Total other financing sources and uses	4,138,786	8,370,350	4,231,564
Net Change in Fund Balance	$ (627,767)	(4,780,724)	$ (4,152,957)
Fund Balance, Beginning		19,199,177	
Fund Balance, Ending		$ 14,418,453	

	Water & Sewer	Garbage	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 5,716,349	$ 1,296,291	$ 7,012,640
Restricted cash	1,129,566	-	1,129,566
Investments	5,609,350	794,879	6,404,229
Receivables			
Accounts	1,399,316	508,146	1,907,462
Leases	260,273	-	260,273
Prepaid expenses	21,281	4,603	25,884
Total current assets	14,136,135	2,603,919	16,740,054
Capital assets			
Land	1,857,610	-	1,857,610
Buildings	2,502,603	1,174,031	3,676,634
Land improvements	3,751,796	-	3,751,796
Machinery and equipment	8,636,001	4,897,275	13,533,276
Infrastructure	441,075,899	-	441,075,899
Less accumulated depreciation	(150,019,064)	(2,610,676)	(152,629,740)
Net capital assets	307,804,845	3,460,630	311,265,475
Total assets	321,940,980	6,064,549	328,005,529
Deferred Outflows of Resources			
Related to pensions	706,108	536,664	1,242,772
Related to OPEB	46,755	35,536	82,291
Total deferred outflows of resources	752,863	572,200	1,325,063

	Water & Sewer	Garbage	Total
Liabilities			
Current liabilities			
Accounts payable	$ 261,781	$ 163,217	$ 424,998
Accrued interest payable	39,805	-	39,805
Accrued payroll	85,451	60,815	146,266
Due to other funds	215,051	101,742	316,793
Current maturities of long-term debt	1,104,001	132,736	1,236,737
Total current liabilities	1,706,089	458,510	2,164,599
Long-term debt (net of current portion)			
Bonds payable	7,110,000	-	7,110,000
Net pension liability	1,582,241	1,202,557	2,784,798
Net OPEB liability	105,063	79,851	184,914
Compensated absences payable	238,999	132,735	371,734
Total long-term debt	9,036,303	1,415,143	10,451,446
Total liabilities	10,742,392	1,873,653	12,616,045
Deferred Inflows of Resources			
Related to pensions	741,752	563,758	1,305,510
Related to OPEB	12,150	9,235	21,385
Related to leases	211,372	-	211,372
Total deferred inflows of resources	965,274	572,993	1,538,267
Net Position			
Net investment in capital assets	299,829,845	3,460,630	303,290,475
Restricted	1,129,566	-	1,129,566
Unrestricted	10,026,766	729,473	10,756,239
Total net position	$ 310,986,177	$ 4,190,103	$ 315,176,280

City of West Fargo, North Dakota

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended December 31, 2024

	Water & Sewer	Garbage	Total
Operating Revenues			
Utility sales and service charges	$ 14,359,899	$ 6,210,516	$ 20,570,415
Operating Expenses			
Distribution	8,319,312	-	8,319,312
Landfill and collections	-	2,892,055	2,892,055
Salaries and wages	2,807,313	2,073,327	4,880,640
Administration and general	1,774,571	704,001	2,478,572
Depreciation/amortization	10,403,034	541,869	10,944,903
Total operating expenses	23,304,230	6,211,252	29,515,482
Operating Loss	(8,944,331)	(736)	(8,945,067)
Nonoperating Revenues (Expenses)			
Interest income	599,065	113,101	712,166
Lease income	16,330	-	16,330
Gain (loss) on disposal of asset	26,979	(143,245)	(116,266)
Miscellaneous	880,435	6,769	887,204
Interest expense	(270,334)	(6,016)	(276,350)
Total nonoperating revenues (expenses)	1,252,475	(29,391)	1,223,084
Loss before Capital Contributions and Transfers	(7,691,856)	(30,127)	(7,721,983)
Transfers out	(3,431,391)	-	(3,431,391)
Contribution of capital assets	4,990,488	34,464	5,024,952
Total Transfers and Capital Contributions	1,559,097	34,464	1,593,561
Change in Net Position	(6,132,759)	4,337	(6,128,422)
Net Position, Beginning of Year - as previously reported	317,232,684	4,269,612	321,502,296
Adjustments (Note 15)	(113,748)	(83,846)	(197,594)
Net Position, Beginning of Year - as restated	317,118,936	4,185,766	321,304,702
Net Position, End of Year	$ 310,986,177	$ 4,190,103	$ 315,176,280

	Water & Sewer	Garbage	Total
Operating Activities			
Receipts from customers and users	$ 14,353,264	$ 6,185,942	$ 20,539,206
Payments for employee costs	(2,655,437)	(1,996,651)	(4,652,088)
Payments to other vendors	(9,947,562)	(3,679,445)	(13,627,007)
Net cash from operating activities	1,750,265	509,846	2,260,111
Non-Capital Financing Activities			
Transfers to other funds	(3,431,391)	-	(3,431,391)
Change in interfund balances	(67,549)	(98,779)	(166,328)
Miscellaneous income	880,435	6,769	887,204
Net cash used for non-capital financing activities	(2,618,505)	(92,010)	(2,710,515)
Capital and Related Financing Activities			
Property and equipment additions	(641,215)	(981,348)	(1,622,563)
Proceeds from sale of assets	26,979	-	26,979
Receipts from lease receivables			
Principal	13,725	-	13,725
Interest	8,055	-	8,055
Payments on long-term debt			
Principal	(835,000)	-	(835,000)
Interest	(274,509)	(6,016)	(280,525)
Net cash used for capital and related financing activities	(1,701,965)	(987,364)	(2,689,329)
Investing Activities			
Purchase of investments	(2,168,766)	6,498	(2,162,268)
Interest from investments	600,705	115,359	716,064
Net cash from (used for) investing activities	(1,568,061)	121,857	(1,446,204)
Change in Cash and Cash Equivalents	(4,138,266)	(447,671)	(4,585,937)
Cash and Cash Equivalents - Beginning of Year	10,984,181	1,743,962	12,728,143
Cash and Cash Equivalents - End of Year	$ 6,845,915	$ 1,296,291	$ 8,142,206
Reconciliation to the Statement of Net Position			
Cash and Cash Equivalents	$ 5,716,349	$ 1,296,291	$ 7,012,640
Restricted Cash	1,129,566	-	1,129,566
Total Cash and Cash Equivalents	$ 6,845,915	$ 1,296,291	$ 8,142,206

	Water & Sewer	Garbage	Total
Reconciliation of Operating Loss			
to Net Cash from Operating Activities			
Operating loss	$ (8,944,331)	$ (736)	$ (8,945,067)
Adjustments to reconcile operating			
loss to net cash from			
operating activities			
Depreciation/amortization	10,403,034	541,869	10,944,903
Changes in assets and liabilities			
Accounts receivable	(6,635)	(24,574)	(31,209)
Prepaid expenses	(3,707)	208	(3,499)
Deferred outflows related to pension and OPEB	677,665	517,988	1,195,653
Accounts payable	150,028	(83,597)	66,431
Accrued payroll	33,289	19,983	53,272
Compensated absences payable	77,060	28,513	105,573
Net pension and OPEB liability	(97,047)	(77,425)	(174,472)
Deferred inflows related to pension and OPEB	(539,091)	(412,383)	(951,474)
Net cash from operating activities	$ 1,750,265	$ 509,846	$ 2,260,111
Supplemental Disclosure of Cash Flow Information			
Cash payments for interest	$ 278,684	$ 6,016	$ 284,700
Supplemental Disclosure of Non-Cash Capital and			
Related Financing Activities			
Capital contributions	$ 4,990,488	$ 34,464	$ 5,024,952

Assets		
Cash and cash equivalents	$	1,035,921
Investments		635,221
Accounts receivable		7,703
Total assets		1,678,845
Net Position	$	1,678,845

Additions	
Property taxes, special assessments, and other receipts collected for other governments	$ 1,057,922
Deductions	
Payments of property taxes, special assessments, and other receipts to other governments	928,850
Change in Fiduciary Net Position	129,072
Net Position, Beginning of Year	1,549,773
Net Position, End of Year	$ 1,678,845

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The City's financial statements include all funds for which the City is financially accountable.

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

Component units are legally separate organizations for which elected officials of the primary government are financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. able to impose its will on that organization or
2. there is potential for the organization to provide specific financial benefits to or impose financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City.

There are no component units reported within these financial statements.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this rule are charges from the City's water and sewer utilities, and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

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

Separate financial statements are prepared for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

- *Capital Projects Fund* – This fund accounts 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).

- *Debt Service Fund* – This fund accounts for the resources accumulated and payments made for principal and interest on all general obligation and special assessment bonds of governmental funds. Revenue sources in this fund are restricted solely for debt retirement.

The City reports the following major proprietary funds:

- *Water & Sewer Fund* – This fund accounts for the provision of water utility service and the sanitary sewer service to the residents of the City.

- *Garbage Fund* – This fund accounts for the provision of garbage pickup and landfill services to the residents of the City.

Additionally, the City reports the following fund type:

- *Custodial Fund* – These funds account for assets by the City in a custodial capacity as an agent on behalf of others. The City's custodial funds are used to account for property taxes, special assessments, and other items collected on behalf of other governments.

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

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

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

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

Other Significant Accounting Policies

Budgets and Budgetary Accounting

The governing board adopts an annual budget on a basis consistent with GAAP, and state law as outlined in various sections of North Dakota Century Code (NDCC) Chapter 40-40 for the general fund, each special revenue fund and each debt service fund of the municipality. The City is required to present the adopted and final amended revenues and expenditures for each of these funds.

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

- The governing body of each municipality, annually or before August 10th, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year (NDCC 40-40-04).

- The preliminary budget must include a detailed breakdown of the estimated revenues and appropriations requested for the ensuing year for the general fund, each special revenue fund, and each debt service fund of the municipality. The revenue and expenditure items for the preceding year and estimates of the revenue and expenditures for the current year must be included for each fund to assist in determining the estimated revenues and appropriation requested for the ensuing year. The budget must also include any transfers in or out and the beginning and ending fund balance for each of the funds. The budget must be prepared on the same basis of accounting used by the municipality for its annual financial reports (NDCC 40-40-05).

- After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that: the preliminary budget is on file in the office of the auditor and may be examined by anyone upon request; the governing body shall meet no later than October 7th at the time and place specified in the notice for the purpose of adopting the final budget and making the annual tax levy; and, the governing shall hold a public session at the time and place designated in the notice of the hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditure or may object to any item or amount (NDCC 40-40-06).

- After the budget hearing, the final budget must be prepared on or before October 7th in accordance with provisions outlined in detail in NDCC 40-40-08.

- After completing the final budget on or before October 7th, the governing body shall proceed to make the annual tax levy in an amount sufficient to meet the expenses for the ensuing year as determined at the budget meeting (NDCC 40-40-09).

- Immediately after completion of the final budget and adoption of the annual tax levy by the governing body of a municipality in accordance with provisions, and in no case later than October 10th, the auditor of the municipality shall send to the county auditor a certified copy of the final budget (NDCC 40-40-10).

- No municipal expenditure may be made, nor liability incurred, and no bill may be paid for any purposes in excess of the appropriation made therefor in the final budget. Expenditures made liabilities incurred, or warrants issued in excess of the appropriations are a joint and several liability the members of the governing body (NDCC 40-40-15).

- At the end of the fiscal year, the balance to credit of each annual appropriation becomes a part of the general unappropriated balance in the municipal treasury, but no special appropriation lapses until the work for which it was made has been completed, the bills paid, and the accounts closed. Thee governing body of a city may elect, at the end of the fiscal year, to carry over the unencumbered cash balance in the general fund or other budgeted funds and designate the balances for subsequent years (NDCC 40-40-21).

All unexpended appropriations lapse at year-end. Any changes in the total budget of each fund must be approved by a majority vote of the city commission.

Cash and Cash Equivalents, Restricted Cash, and Investments

Cash balances from all funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

The City considers cash equivalents to be certificates of deposit, money market funds, and other highly liquid investments with original maturities of three months or less.

Restricted cash consists of amounts restricted as required by bond agreements.

Investments of the City are reported at fair value based on the framework established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Receivable and Credit Policy

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Utility receivables are charged a $10 late fee, but other City receivables are not charged any late fees. There are no allowances for doubtful accounts recorded.

Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Prepaid Items

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

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The City maintains a threshold level of $5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed, no salvage value is taken into consideration for depreciation purposes. Land is not depreciated.

Useful lives for capital assets are as follows:

Buildings and improvements	30-50 years
Machinery and equipment	5-20 years
Infrastructure	20-40 years

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 5 years.

The right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from more than 1 to 5 years.

Compensated Absences

Vacation and Sick leave accruals are based on 26 pay periods. Employees not within the fire department accrue vacation leave at a rate of 3.25 to 7.5 hours per pay period depending on years of service and have a maximum accrual of 240 hours. Employees within the fire department accrue vacation leave at a rate of 3.38 to 7.8 hours per pay period depending on years of service and have a maximum accrual of 336 hours. Unused accrued vacation leave may be carried over at each year-end, up to the applicable maximum accrual. Upon termination, vacation benefits that have accrued through the last day of work will be paid.

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

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

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present values of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Pension

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

Other Post-Employment Benefits (OPEB)

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

The City has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits consist of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City has four types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Fund Balance Sheet. Delinquent property taxes not collected with 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide statement of net position and the governmental funds balance sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position. The fourth item is deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

Fund Balance

The following classifications describe the relative strength of spending constraints:

- *Nonspendable Fund Balance* – represents amounts that cannot be spent due to form such as inventories, prepaids, long-term loans, and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

- *Restricted Fund Balance* – represents amounts that exist when constraints are placed on the use of resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments (or) restrictions imposed by law through constitutional provisions or enabling legislation (i.e., Emergency fund). Restricted fund balances are shown by primary function on the balance sheet.

- *Committed Fund Balance* – represents amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the City Commission. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it previously employed to commit those amounts. (Example would be legislation, resolution, or ordinance). (i.e., Sales tax ordinance, budget ordinance) Committed fund balances are shown by primary function on the balance sheet.

- *Assigned Fund Balance* – represents amounts the City intends to use for a specific purpose but do not meet the criteria to be classified as committed.

- *Unassigned Fund Balance* – represents the remaining residual balances that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The City Commission establishes fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to use nonspendable resources first, restricted second, committed third, assigned fourth and unassigned last.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred inflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Risk Management

The City is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (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 pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of $10,000,000 per occurrence for general liability and automobile, and up to $10,244,330 for public assets (mobile equipment and portable property).

The City also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of $1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City has worker’s compensation with the North Dakota Workforce Safety and Insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of GASB Statement No. 101

As of January 1, 2024, the City adopted GASB Statement No. 10, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The accounting changes has been retrospectively applied for all periods presented and the effect of the implementation of this standard on beginning net position is disclosed in Note 15.

Note 2 - Stewardship, Compliance, and Accountability

Expenditures in Excess of Appropriations

Budget control for the fund is established by its total appropriations. The General Fund had expenditures exceeding appropriations in the amount of $7,149,947 for the year ended December 31, 2024. These over expenditures were funded by lease proceeds of $7,963,784 and existing fund balance of the General Fund.

Note 3 - Deposits and Investments

Deposits

In accordance with the North Dakota Century Code, the City maintains deposits at depository banks covered by Federal Depository Insurance.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Century Code requires that all City deposits be protected by insurance, collateral, or surety bond. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. As of December 31, 2024, the City's deposits include savings accounts, money market funds, and certificates of deposit. At December 31, 2024, the City's carrying amount of deposits was $71,339,459 and the bank balances were $74,061,739. The City's deposits were secured by FDIC coverage of $27,799,753 and pledged collateral of $413,644,759.

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

At December 31, 2024, all deposits were insured or collateralized by securities held by the City's agent in the City's name.

Concentration of Credit Risk – The City maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2024, the City had approximately $27,799,753 in excess of FDIC-insured limits, which was covered by pledged collateral held in the District's name.

Investments

The City maintains pooled cash portfolios used by substantially all City funds using the pooled deposit and investment concept. Statutes authorize the City to invest in obligations of the U.S. Treasury Investments and U.S. agencies, bankers' acceptances, certain repurchase agreements, and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record. Beyond what is stated in the Century Code, the City does not have a formal policy governing investments.

The following are considered the most significant risks associated with investments:

Custodial Credit Risk – Investments - The risk that in the event of bank failure, the government's deposits may not be returned to it. Beyond what is stated in the Century Code, the City does not have a formal policy to further limit exposure to custodial credit risk. As of December 31, 2024, the City's deposits were either fully insured or properly collateralized and have no custodial credit risk.

Interest Rate Risk – Investments - The risk that changes in interest rates will adversely affect the fair value of an investment. North Dakota Century Code limits investing funds primarily in the short- and intermediate-term liquid securities of high credit quality to ensure adequate liquidity and to minimize the impact of changes in interest rates. Portfolios are structured so that securities mature concurrent with cash needs to meet anticipated demands. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize investments in obligations of the U.S. Treasury Investments and U.S. agencies, bankers' acceptances, certain repurchase agreements, and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record. Beyond what is stated in the Century Code, the City does not have a formal policy to further limit exposure to credit risk.

The following table presents the City's deposit and investment balances at December 31, 2024.

			Maturities (in Years)		
Investment Type	Credit Rating	Fair Value/ Carrying Value	N/A	< 1	1-5
Cash and Cash Equivalents					
Deposits	N/A	$ 26,066,516	$ 26,066,516	$ -	$ -
Petty cash	N/A	600	600	-	-
Certificates of deposit	N/A	45,272,343	-	45,272,343	-
Investments					
U.S. Treasury notes	AAA	41,895,769	-	41,895,769	-
		$ 113,235,228	$ 26,067,116	$ 87,168,112	$ -

Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in active markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2024, the City had investments in U.S. Treasury notes of $41,895,769 valued using Level 1 inputs.

Cash and investments are included on the basic financial statements as follows:

Cash and Cash Equivalents - Statement of Net Position	$ 67,370,405
Restricted Cash - Statement of Net Position	2,933,134
Investments - Statement of Net Position	41,260,547
Cash and Cash Equivalents - Statement of Fiduciary Net Position	1,035,921
Investments - Statement of Fiduciary Net Position	635,221
	$ 113,235,228

Note 4 - Property Taxes and Special Assessments

Property Taxes

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 are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable and the portion not available within 60 days is fully offset by unavailable revenue because it is not available to finance current expenditures. The delinquent taxes receivable represents the past five years of uncollected tax levies.

Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the county and remitted to the City at the same time property tax settlements are made. Property owners are allowed to prepay total future installments plus accrued interest without prepayment penalties. Special assessments are generally collected by the county and remitted to the City at the same time the tax settlements are made.

Note 5 - Leases

Lease Receivables and Deferred Inflows of Resources

The City has accrued receivables for the use of a parking garage, land, and a water tower for a cellular antenna. The remaining receivables for these leases were $4,270,141 for the governmental activities and $260,273 for the business-type activities at December 31, 2024. Interest revenue from leases was $130,350 for the governmental activities and $8,021 for the business-type activities for the year ended December 31, 2024. Lease revenue of $131,702 and $16,330 for the governmental and business-type activities, respectively, was recognized during the fiscal year. The interest rates on the leases range from 1.518% to 1.851%.

The principal and interest payments that are expected to maturity are as follows:

Years Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	$ 76,087	$ 123,914	$ 14,165	$ 7,615
2026	78,402	121,599	14,596	7,184
2027	80,787	119,214	15,093	6,740
2028	82,987	117,014	17,690	6,268
2029	85,767	114,233	18,246	5,712
2030-2034	341,924	557,759	104,969	19,755
2035-2039	526,550	544,173	75,514	3,546
2040-2044	752,283	404,419	-	-
2045-2049	1,005,365	274,116	-	-
2050-2052	1,239,989	102,086	-	-
Total	$ 4,270,141	$ 2,478,527	$ 260,273	$ 56,820

Lease Liabilities and Right to Use Leased Assets

Governmental Activities

The City has entered into lease agreements for the use of various building spaces, vehicles, and office equipment. The total lease liability at December 31, 2024 is $9,088,821 for the governmental activities. The City is required to make principal and interest payments through 2043. The lease liabilities were valued using discount rates of 0.26% to 5.77%. For leases with no interest rate stated, the City utilized its incremental borrowing rate for valuing the lease. The total value of the right to use assets and related accumulated amortization was $9,885,476 and $1,519,375, as of December 31, 2024, respectively.

The principal and interest payments that are expected to maturity for all leases are as follows:

Years Ending December 31,	Governmental Activities	
	Principal	Interest
2025	$ 577,059	$ 480,437
2026	1,032,656	458,552
2027	334,127	420,264
2028	255,321	406,424
2029	295,445	389,308
2030-2034	1,503,456	1,707,708
2035-2039	2,375,573	1,156,707
2040-2044	2,715,184	332,277
Total	$ 9,088,821	$ 5,351,677

Note 6 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into five (5) SBITA contracts with initial subscription terms ranging from 24 to 60 months. As of December 31, 2024, the value of the total subscription liabilities was $473,754. The subscription liabilities were valued using discount rates ranging from 5.37% to 5.82% based on the rates from the State and Local Government Securities table, plus 150 basis points, for the nearest maturity to the noncancelable term of the agreement. As of December 31, 2024, the total amount of right to use subscription assets, and the related accumulated amortization on right to use subscription assets were $816,317 and $221,784, respectively.

The principal and interest payments that are expected to maturity for all SBITA contracts are as follows:

Years Ending December 31,	Governmental Activities	
	Principal	Interest
2025	$ 128,845	$ 24,752
2026	128,536	17,606
2027	135,645	10,497
2028	56,334	3,006
2029	24,394	331
Total	$ 473,754	$ 56,192

Note 7 - Capital Assets

Capital asset activity of the governmental activities for the year ended December 31, 2024 was as follows:

Governmental Activities	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
Capital assets, not being depreciated				
Land	$ 20,272,675	$ 96,700	$ -	$ 20,369,375
Construction in progress	54,288,042	23,484,964	32,933,899	44,839,107
Total capital assets not being depreciated	74,560,717	23,581,664	32,933,899	65,208,482
Capital assets, being depreciated				
Infrastructure	253,187,130	6,725,697	-	259,912,827
Buildings and improvements	27,083,917	20,622,533	-	47,706,450
Machinery and equipment	12,833,535	2,691,034	397,062	15,127,507
Total capital assets being depreciated	293,104,582	30,039,264	397,062	322,746,784
Less accumulated depreciation for				
Infrastructure	113,204,508	10,774,851	-	123,979,359
Buildings and improvements	5,094,686	739,875	-	5,834,561
Machinery and equipment	6,015,456	1,460,267	313,626	7,162,097
Total accumulated depreciation	124,314,650	12,974,993	313,626	136,976,017
Net capital assets being depreciated	168,789,932	17,064,271	83,436	185,770,767
Right to use leased assets being amortized				
Right to use leased building	779,503	7,642,180	-	8,421,683
Right to use leased equipment	49,043	387,554	2,013	434,584
Right to use leased vehicles	1,029,209	-	-	1,029,209
Total right to use leased assets being amortized	1,857,755	8,029,734	2,013	9,885,476
Less accumulated amortization for				
Right to use leased building	219,830	561,935	-	781,765
Right to use leased equipment	16,218	36,417	2,013	50,622
Right to use leased vehicles	457,992	228,996	-	686,988
Total accumulated amortization	694,040	827,348	2,013	1,519,375
Net right to use leased assets	1,163,715	7,202,386	-	8,366,101
Subscription-based IT assets being amortized	439,215	328,866	48,236	719,845
Less accumulated amortization	(45,746)	(127,802)	(48,236)	(125,312)
Net subscription-based IT assets	393,469	201,064	-	594,533
Governmental activities capital assets, net	$ 244,907,833	$ 48,049,385	$ 33,017,335	$ 259,939,883

Additions to accumulated depreciation include $57,907 of accumulated depreciation on assets transferred from business-type activities to the governmental activities.

Depreciation/amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities	
General government	$ 13,446,239
Public safety	357,267
Culture and recreation	126,637
Total depreciation/amortization expense - governmental activities	$ 13,930,143

Capital asset activity of the business-type activities for the year ended December 31, 2024 was as follows:

Business-Type Activities	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
Capital assets, not being depreciated				
Land	$ 1,857,610	$ -	$ -	$ 1,857,610
Capital assets, being depreciated				
Buildings	3,676,634	-	-	3,676,634
Land improvements	3,751,796	-	-	3,751,796
Machinery and equipment	12,508,883	1,815,208	790,815	13,533,276
Infrastructure	436,085,411	4,990,488	-	441,075,899
Total capital assets being depreciated	456,022,724	6,805,696	790,815	462,037,605
Less accumulated depreciation for				
Buildings	937,131	75,086	-	1,012,217
Land improvements	3,751,796	-	-	3,751,796
Machinery and equipment	7,098,874	949,185	489,389	7,558,670
Infrastructure	130,386,425	9,920,632	-	140,307,057
Total accumulated depreciation	142,174,226	10,944,903	489,389	152,629,740
Net capital assets being depreciated	313,848,498	(4,139,207)	301,426	309,407,865
Business-type activities capital assets, net	$ 315,706,108	$ (4,139,207)	$ 301,426	$ 311,265,475

Additions to accumulated depreciation include $156,352 of accumulated depreciation on assets transferred from governmental activities to the business-type activities.

Depreciation/amortization expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities	
Water & sewer	$ 10,403,034
Garbage	541,869
Total depreciation/amortization expense - business-type activities	$ 10,944,903

Note 8 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2024:

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
G.O. bonds	$ 915,000	$ -	$ 915,000	$ -	$ -
Special assessment bonds	261,480,000	15,980,000	14,400,000	263,060,000	14,020,000
Revenue bonds	17,815,000	-	640,000	17,175,000	665,000
Annual appropriation bonds	9,490,000	-	345,000	9,145,000	360,000
BND drawdown	11,866,282	-	530,735	11,335,547	541,897
Bond premium	5,772,702	476,044	327,488	5,921,258	309,857
Leases payable	1,603,611	8,029,734	544,524	9,088,821	577,059
Subscription IT liabilities	304,177	328,866	159,289	473,754	128,845
Compensated absences*	3,445,981	468,966	-	3,914,947	1,957,474
Governmental activity long-term debt	$ 312,692,753	$ 25,283,610	$ 17,862,036	$ 320,114,327	$ 18,560,132
Business-Type Activities					
Revenue bonds	$ 8,810,000	$ -	$ 835,000	$ 7,975,000	$ 865,000
Compensated absences*	637,899	105,572	-	743,471	371,737
Business-type activity long-term debt	$ 9,447,899	$ 105,572	$ 835,000	$ 8,718,471	$ 1,236,737

*The roll-forward schedule only reports the net change in the compensated absences liability.

Bonds Payable

General obligation bonds are recorded in the governmental activities in the government-wide statement and are backed by the full faith and credit of the City. These bonds are payable from the debt service fund primarily through property tax levies.

The City has issued numerous Refunding Improvement Bonds that were special assessment bonds. North Dakota state law requires that these be called refunding bonds because warrants are the first issuance that are refunded with the bond issuance. These bonds are repaid from the debt service fund through special assessments levied against the benefiting properties.

Annual appropriation bonds are special, limited obligations of the City payable from a standing appropriation in the City's annual budget which is subject to the right of the City to non-appropriate funds to pay the bonds in any future fiscal year (an "event of non-appropriation") as provided in the bond resolution. Subject to an event of non-appropriation, under the terms of the bond resolution, the general resources and legally available funds of the City are pledged to the payment of the bonds. The City anticipates, but is not obligated to, make payments on the bonds in whole or in part from revenues received from its capital improvements portion of the City's two percent Citywide Capital Improvements Sales Tax. Also, voters approved an additional one-half cent sales tax effective July 1, 2023, that will provide for another source of funding to make payments on these bonds. In the event of nonappropriation, the bonds will be paid from the amounts deposited to the bond reserve account. At December 31, 2024, the bond reserve account has a balance is $1,049,884, which is reported as restricted cash. Principal and interest payments on these bonds are made from the debt service fund.

The City has General obligation revenue bonds that are recorded as a liability in the water and sewer fund and are payable from public utility revenues. The City has pledged future revenues, net of specified operating expenses, to repay these bonds. The debt and information related to the pledged revenues at December 31, 2024 are as follows:

	Pledged Revenue Source	Principal and Interest Paid	Net Revenues	Approximate Amount of Revenue Pledged
Business-Type Activities				
2012 Refunding Improvement Bond	Water and Sewer Revenue	$ 671,331	$ 2,057,768	32.6%
2019 Refunding Improvement Bond	Water and Sewer Revenue	434,003	2,057,768	21.1%

Bonds payable outstanding as of December 31, 2024, consist of the following:

	Interest Rate	Final Year of Maturity	Authorized and Issued	Outstanding
Governmental activities				
Special Assessment Bonds				
2009 Municipal Improvement Bonds	2.00-5.50%	2039	$ 530,000	$ 355,000
2014A Refunding Improvement Bonds	2.00-3.625%	2038	17,750,000	9,350,000
2014B Refunding Improvement Bonds	2.00-5.00%	2039	20,460,000	12,065,000
2015A Refunding Improvement Bonds	2.00-5.00%	2040	28,180,000	16,450,000
2015B Refunding Improvement Bonds	2.00-5.00%	2040	24,470,000	16,300,000
2016A Refunding Improvement Bonds	1.50-4.50%	2041	27,140,000	17,420,000
2017A Refunding Improvement Bonds	3.00-5.00%	2042	36,860,000	29,065,000
2018B Refunding Improvement Bonds	3.50-5.00%	2043	30,230,000	25,205,000
2019A Refunding Improvement Bonds	2.00-4.00%	2024	7,905,000	3,085,000
2019B Refunding Improvement Bonds	2.625-4.00%	2036	55,105,000	44,655,000
2020A Refunding Improvement Bonds	2.00-4.00%	2041	66,430,000	55,850,000
2021A Refunding Improvement Bonds	2.00%	2034	7,060,000	5,430,000
2021B Refunding Improvement Bonds	0.25-2.10%	2034	8,545,000	6,125,000
2022A Refunding Improvement Bonds	3.75-5.00%	2047	6,055,000	5,725,000
2024 Refunding Improvement Bonds	4.00-5.00%	2050	15,980,000	15,980,000
Total special assessment bonds				263,060,000
Revenue Bonds				
2009 TIF District Bonds	2.75-4.50%	2025	570,000	50,000
2020 Taxable Gross Revenue Bonds	0.60-3.00%	2045	18,645,000	17,125,000
Total revenue bonds				17,175,000
Annual Appropriation Bonds				
2022 Public Safety Annual Appropriation Bonds	3.60-4.00%	2042	10,000,000	9,145,000
Total				$ 289,380,000
Business-type activities				
Revenue Bonds				
2012 Refunding Improvement Bond	0.50-4.25%	2030	$ 9,145,000	$ 3,500,000
2019 Refunding Improvement Bond	2.00-3.00%	2034	5,905,000	4,475,000
Total				$ 7,975,000

The annual requirements to amortize all bonded debt outstanding as of December 31, 2024, are as follows:

Years Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	$ 15,045,000	$ 8,926,122	$ 865,000	$ 238,831
2026	15,355,000	8,335,261	895,000	210,180
2027	15,475,000	7,799,614	935,000	183,331
2028	15,365,000	7,305,938	960,000	158,163
2029	15,425,000	6,811,670	1,000,000	130,148
2030-2034	78,400,000	26,765,362	3,320,000	266,080
2035-2039	73,305,000	15,265,507	-	-
2040-2044	48,185,000	5,600,030	-	-
2045-2049	11,840,000	852,850	-	-
2050	985,000	19,700	-	-
Total	$ 289,380,000	$ 87,682,054	$ 7,975,000	$ 1,186,733

BND Drawdown Payable

The City has entered into two drawdown agreements with the Bank of North Dakota to finance various improvement projects within the City. These loans are repaid from the debt service fund through special assessments levied against the benefiting properties. Drawdown agreements payable outstanding as of December 31, 2024, consist of the following:

	Interest Rate	Final Year of Maturity	Authorized and Issued	Outstanding
Governmental Activities				
Bank of North Dakota Drawdown	2.00%	2041	$ 10,000,000	$ 7,263,938
Bank of North Dakota Drawdown	2.00%	2043	5,000,000	4,071,609
				$ 11,335,547

The annual requirements to amortize all Bank of North Dakota drawdowns outstanding as of December 31, 2024, are as follows:

Years Ending December 31,	Drawdown Agreement	
	Principal	Interest
2025	$ 541,897	$ 226,997
2026	552,735	216,159
2027	563,790	205,104
2028	575,066	193,828
2029	586,567	182,327
2030-2034	3,113,567	730,902
2035-2039	3,437,630	406,838
2040-2043	1,964,295	79,768
Total	$ 11,335,547	$ 2,241,923

Leases Payable

Leases payable consists of lease liabilities as described in Note 5. Leases payable of the governmental activities are paid from the general, fire, forestry, and library funds. Leases payable of the business-type activities are paid from the water and sewer fund.

Subscription IT liabilities

Subscription IT liabilities consist of subscription-based IT agreements as described in Note 6. Subscription IT liabilities are paid from the general fund.

Compensated Absences

Compensated absences for governmental funds are recorded as a liability in the governmental activities in the government-wide statement and business-type activities are payable from the water and sewer and garbage funds. The amounts consist of payments for vacation and sick leave that are accrued for as discussed in Note 1.

Note 9 - Pension Plan

The City contributes to two separate pension plans which cover substantially all full-time employees and certain part-time employees. They are the North Dakota Public Employee Retirement System (NDPERS) Main System and the NDPERS Law Enforcement Retirement System.

For the year ended December 31, 2024, the City reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Main System	$ 8,691,241	$ 19,475,269	$ 9,129,999	$ 1,978,690
Law Enforcement System	7,728,887	5,241,877	4,232,914	895,748
Total all plans	$ 16,420,128	$ 24,717,146	$ 13,362,913	$ 2,874,438

North Dakota Public Employees Retirement System (Main System)

General Information about the Pension Plan

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation.

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

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

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

At December 31, 2024, the City reported a liability of $19,475,269 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2024, the City's proportion was 1.041260 percent, which was a decrease of 0.005606 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the City recognized pension expense of $1,978,690. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 924,678	$ -
Changes of assumptions	4,693,500	8,837,530
Net difference between projected and actual investment earnings on pension plan investments	-	178,073
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,047,715	114,396
City contributions subsequent to the measurement date	1,025,348	-
	$ 8,691,241	$ 9,129,999

The $1,025,348 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

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

2025	$ (1,326,020)
2026	931,982
2027	(924,176)
2028	(145,892)

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	5.40%
International Equity	19%	7.00%
Private Equity	7%	8.50%
Domestic Fixed Income	23%	2.88%
Global Real Assets	19%	6.10%

Discount Rate

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's Proportionate Share of the net pension liability	$ 27,523,162	$ 19,475,269	$ 12,800,606

Pension Plan Fiduciary Net Position

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

NDPERS Law Enforcement Retirement System (Law Enforcement System)

General Information about the Pension Plan

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

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System provides for pension, death, and disability benefits. The cost to ad-minister the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

Plan	Member Contribution Rate	Employer Contribution Rate
Law Enforcement with Previous Service		
Political Subdivisions	5.50%	11.40%
State	6.00%	11.40%
National Guard	5.50%	11.40%
Law Enforcement without Previous Service	5.50%	9.16%

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

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

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

At December 31, 2024, the City reported a liability of $5,241,877 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll/contributions in the Law Enforcement System pension plan relative to the covered payroll/contributions of all participating Law Enforcement System employers. At June 30, 2024, the City's proportion was 5.823403 percent, which was a decrease of 1.964037 from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the City recognized grant revenue of $895,748 for its proportionate share of the net pension liability. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,746,503	$ -
Changes of assumptions	2,151,260	3,213,589
Net difference between projected and actual investment earnings on pension plan investments	-	54,913
Changes in proportion and differences between employer contributions and proportionate share of contributions	218,907	964,412
City contributions subsequent to the measurement date	612,217	-
	$ 7,728,887	$ 4,232,914

The $612,217 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

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

2025	$ 831,423
2026	575,637
2027	392,393
2028	314,611
2029	464,784
Thereafter	304,908

Actuarial Assumptions

Actuarial assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	5.40%
International Equity	19%	7.00%
Private Equity	7%	8.50%
Domestic Fixed Income	23%	2.88%
Global Real Assets	19%	6.10%

Discount Rate

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's Proportionate Share of the net pension liability	$ 8,145,321	$ 5,241,877	$ 2,905,637

Pension Plan Fiduciary Net Position

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

Note 10 - Other Post-Employments Benefit Plan

North Dakota Public Employees Retirement System

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

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to $5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the City reported a liability of $1,293,183 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the City's proportion was 1.496643 percent, which was an increase of 0.074129 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the City recognized OPEB expense of $332,917. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,958	$ 9,939
Changes of assumptions	196,723	88,535
Net difference between projected and actual investment earnings on pension plan investments	-	48,369
Changes in proportion and differences between employer contributions and proportionate share of contributions	198,643	2,710
City contributions subsequent to the measurement date	164,171	-
	$ 575,495	$ 149,553

The $164,171 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025.

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

2025	$ 158,362
2026	177,900
2027	(43,543)
2028	(30,948)

Actuarial Assumptions

The total OPEB liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024, are summarized in the following table:

Asset Class	Target	Long-Term
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
City's Proportionate Share of the net OPEB liability	$ 1,767,463	$ 1,293,183	$ 893,725

Note 11 - Interfund Receivables, Payables, Transfers, and Capital Contributions

Interfund receivables/payables are used to record accrued obligations between funds.

	Due from Other Funds	Due to Other Funds
General	$ 587,396	$ -
Capital Projects	599,870	-
Debt Service	1,230,600	2,127,957
Other Nonmajor Governmental Funds	649,436	622,552
Water & Sewer	-	215,051
Garbage	-	101,742
	$ 3,067,302	$ 3,067,302

A summary of the City's interfund transfers is as follows:

	Transfer In	Transfer Out
Governmental Funds		
General	$ 1,864,021	$ 1,840,561
Capital Projects	5,185,222	2,551,728
Debt Service	1,696,212	582,703
Non-major governmental	4,468,695	4,807,767
Total governmental funds	$ 13,214,150	$ 9,782,759
Proprietary Funds		
Water & Sewer	$ -	$ 3,431,391
Total transfers	$ 13,214,150	$ 13,214,150

Transfers are made for funding various projects and operational expenses, meeting debt service requirements, and closing funds no longer used.

During the year end ended December 31, 2024, the following capital contributions were made from the governmental activities to the proprietary funds:

	Transfer In	Transfer Out
Governmental Activities	$ -	$ 5,024,952
Proprietary Funds		
Water & Sewer	$ 4,990,488	$ -
Garbage	34,464	-
Total Proprietary Funds	$ 5,024,952	$ -

Note 12 - Commitments

Litigation and Potential Exposure – In the ordinary course of its business, the City is party to legal proceedings as a plaintiff or defendant. The financial impact of remaining actions is not determinable at December 31, 2024, but in the opinion of management and legal counsel the ultimate disposition of any or all of these proceedings will not have a material effect on the City's financial position.

Construction Commitments – As of December 31, 2024, the City has entered into contracts for various construction contracts for street improvements, sidewalks, the storm sewer system, and the water and sanitary systems. At December 31, 2024, total construction in progress costs were $44,839,107, with total estimated costs of approximately $151,275,000. These projects have completions dates ranging from early 2025 through 2027.

Cass County Career Workforce Academy – The City has pledged $600,000 towards the creation of the Cass County Career Workforce Academy, a partnership between the school districts of Fargo, West Fargo, Northern Cass and Central Cass and the North Dakota State College of Science. The Career Workforce Academy will provide education and job training opportunities for local students and community members. The City is committed to contribute $120,000 annually for the years 2021 through 2025, with the money coming from revenues of the economic development sales tax levy. The City contributed $120,000 during the year ended December 31, 2024, bringing total contributions made on the pledge to $480,000 as of December 31, 2024.

Note 13 - Tax Exemptions and Abatements

The City provides tax exemptions and abatements through various programs including New Single-Family Homes, New Industry, Low Income Housing, Residential and Commercial Remodeling, and more. The amount of tax exemptions and abatements for the year ended December 31, 2024, was approximately $528,000.

Note 14 - Joint Power Agreement with other Governmental Entities

Red River Regional Dispatch Center (RRRDC)

In 2008, the City entered into a joint powers agreement with the City of Fargo, North Dakota, City of Moorhead, Minnesota, Clay County of Minnesota, and Cass County of North Dakota, to establish a framework that allows for the joint operation of dispatch functions by the named entities. By combining the communications and dispatch of these agencies, duplication of equipment and staff time is reduced or eliminated. The goal was to reduce the financial burden to the respective governments' taxpayers through the sharing of one communication center, as well as to improve communications services.

Effective January 1, 2015, the joint powers agreement was amended as a result of the countywide vote in November 2014, which ended the City of West Fargo and City of Fargo collections of emergency communication system fees on an individual city-wide basis. Cass County emergency fee collection, which is collected per user by the county, is expected to be sufficient to cover the contribution for the City of Fargo, West Fargo, and Cass County. Cass County has agreed to pay all valid billings from vendors of emergency service communication system funds for all users in Cass County.

Effective January 1, 2015, the cost share formula was amended as follows:

City of Fargo – 0%
City of Moorhead – 18.2%
Cass County – 71.8%
Clay County – 10%
City of West Fargo – 0%

Members of the RRRDC may elect to withdraw from participation in the Agreement upon giving a six-month written notice. Additional financial information may be obtained by contacting: Attn: Director, Red River Regional Dispatch Center, 300 NP Avenue, Suite 206, Fargo, ND 58102.

Note 15 - Adoption of New Standard

As of January 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences were increased by a total of $1,462,422, as of January 1, 2024. The effect of this change in accounting principle is described in the table below.

	January 1, 2024, As Previously Reported	Change in Accounting Principle	January 1, 2024, As Restated
Government-Wide			
Governmental Activities Net Position	$ 248,048,333	$ (1,264,828)	$ 246,783,505
Business-type Activities Net Position	321,502,296	(197,594)	321,304,702
Proprietary Funds			
Water & Sewer Net Position	317,232,684	(113,748)	317,118,936
Garbage Net Position	4,269,612	(83,846)	4,185,766

Note 16 - Subsequent Events

Subsequent to year end, the City authorized the issuance and sale of $750,000 Water Treatment Improvement Warrant, Series 2025A under the Drinking Water State Revolving Fund Program. The loan bears an interest rate of 1.5% and calls for semiannual payments of interest and annual payments of principal, expected through 2056. This loan is repaid through special assessments levied against the benefiting properties. As of the date of the financial statements, no amounts have been drawn relating to this loan.

Subsequent to year end, the City authorized the issuance and sale of $6,100,000 Wastewater Treatment Improvement Warrant, Series 2025B under the Clean Water State Revolving Fund Program. The loan bears an interest rate of 1.5% and calls for semiannual payments of interest and annual payments of principal, expected through 2056. This loan is repaid through special assessments levied against the benefiting properties. As of the date of the financial statements, no amounts have been drawn relating to this loan.

Subsequent to year end, the City authorized the issuance and sale of $2,700,000 Water Treatment Improvement Warrant, Series 2025C under the Drinking Water State Revolving Fund Program. The loan bears an interest rate of 1.5% and calls for semiannual payments of interest and annual payments of principal, expected through 2056. This loan is repaid through revenue collections of the water & sewer fund. As of the date of the financial statements, no amounts have been drawn relating to this loan.

Subsequent to year end, the City authorized the issuance and sale of $8,500,000 Wastewater Treatment Improvement Warrant, Series 2025D under the Clean Water State Revolving Fund Program. The loan bears an interest rate of 1.5% and calls for semiannual payments of interest and annual payments of principal, expected through 2056. This loan is repaid through revenue collections of the water & sewer fund. As of the date of the financial statements, no amounts have been drawn relating to this loan.

Required Supplementary Information
December 31, 2024

City of West Fargo, North Dakota

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years

Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	1.041260%	$ 19,475,269	$ 13,659,224	142.58%	68.02%
2023	1.046866%	$ 20,186,218	$ 12,801,811	157.68%	65.31%
2022	0.902297%	$ 25,986,754	$ 10,474,195	248.10%	54.47%
2021	0.907796%	$ 9,461,963	$ 10,279,796	92.04%	78.26%
2020	0.761637%	$ 23,961,263	$ 8,401,775	285.19%	48.91%
2019	0.739412%	$ 8,666,444	$ 7,691,139	112.68%	71.66%
2018	0.867830%	$ 14,645,578	$ 8,915,372	164.27%	62.80%
2017	0.748489%	$ 12,030,675	$ 7,640,904	157.45%	61.98%
2016	0.712207%	$ 6,941,151	$ 7,177,366	96.71%	70.46%
2015	0.665753%	$ 4,527,007	$ 5,931,052	76.33%	77.15%

Schedule of Employer's Contributions
Last 10 Fiscal Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2024	$ 1,163,766	$ 1,025,348	$ 138,418	$ 13,659,224	7.51%
2023	$ 968,467	$ 838,324	$ 130,143	$ 12,801,811	6.55%
2022	$ 788,885	$ 870,463	$ (81,578)	$ 10,474,195	8.31%
2021	$ 758,090	$ 724,144	$ 33,946	$ 10,279,796	7.04%
2020	$ 594,919	$ 587,156	$ 7,763	$ 8,401,775	6.99%
2019	$ 559,959	$ 643,072	$ (83,113)	$ 7,691,139	8.36%
2018	$ 656,655	$ 609,328	$ 47,327	$ 8,915,372	6.83%
2017	$ 519,630	$ 546,659	$ (27,029)	$ 7,177,366	7.62%
2016	$ 450,511	$ 451,207	$ (696)	$ 5,931,052	7.61%
2015	$ 393,133	$ 393,133	$ -	$ 5,521,525	7.12%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

2024

Changes of benefit terms
None

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

2023

Changes of benefit terms
In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025, and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026, and ending June 30, 2056.

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

2022

Changes of benefit terms
The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions
The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

2021

Changes of benefit terms

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

2020

Changes of benefit terms

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019, valuation:

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020, valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020, valuation
- Mortality table updates were made for the July 1, 2020, valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019

Changes of benefit terms

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019, valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

2018

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2018, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2017

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2016

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2016, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2015

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2015, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years*

Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	5.823403%	$ 5,241,877	$ 6,828,829	76.76%	68.14%
2023	7.787440%	$ 4,717,755	$ 5,572,309	84.66%	67.61%
2022	6.457737%	$ 5,301,603	$ 4,181,134	126.80%	57.48%
2021	6.221720%	$ 1,031,033	$ 3,828,442	26.93%	87.10%
2020	6.713186%	$ 4,400,352	$ 3,046,702	144.43%	53.12%
2019	7.335787%	$ 872,434	$ 2,955,732	29.52%	84.95%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Schedule of Employer's Contributions
Last 10 Fiscal Years *

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2024	$ 837,897	$ 612,217	$ 225,680	$ 6,828,829	8.97%
2023	$ 518,494	$ 444,406	$ 74,088	$ 5,572,309	7.98%
2022	$ 420,266	$ 429,602	$ (9,336)	$ 4,181,134	10.27%
2021	$ 340,370	$ 362,007	$ (21,637)	$ 3,828,442	9.46%
2020	$ 325,271	$ 298,950	$ 26,321	$ 3,046,702	9.81%
2019	$ 275,994	$ 130,217	$ 145,777	$ 2,955,732	4.41%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

2024

Changes of benefit terms
None

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

2023

Changes of benefit terms
Legislation was passed relating to the Public Safety with Prior Service System. The Public Safety with Prior Service System was expanded to allow peace officers employed by the State to participate. The provisions are similar to the Public Safety with Prior Service System, but with a 6.00 percent employee contribution rate. The benefit multiplier and the vesting requirements for the Bureau of Criminal Investigation group were changed.

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

2022

Changes of benefit terms
The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Public Safety members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions
The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

2021

Changes of benefit terms

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Public Safety members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

2020

Changes of benefit terms

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Public Safety members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019, valuation:

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020, valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020, valuation
- Mortality table updates were made for the July 1, 2020, valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

Schedule of Employer's Share of Net OPEB Liability
Last 10 Fiscal Years*

Measurement Date	Employer's Proportionate Share (Percentage) of the Net OPEB Liability (Asset)	Employer's Proportionate Share (Amount) of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	1.496643%	$ 1,293,183	$ 15,515,808	8.33%	68.35%
2023	1.422514%	$ 1,422,160	$ 14,298,866	9.95%	62.74%
2022	1.189721%	$ 1,428,034	$ 12,282,738	11.63%	56.28%
2021	1.125192%	$ 625,801	$ 12,267,498	5.10%	76.63%
2020	0.916280%	$ 770,773	$ 10,445,327	7.38%	63.38%
2019	0.954142%	$ 766,354	$ 10,646,871	7.20%	71.66%
2018	0.814772%	$ 641,668	$ 8,915,372	7.20%	61.89%
2017	0.706287%	$ 558,681	$ 7,640,904	7.31%	59.78%

*GASB Statement No. 75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Schedule of Employer's Contributions
Last 10 Fiscal Years *

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 176,880	$ 164,171	$ 12,709	$ 15,515,808	1.06%
2023	$ 172,657	$ 148,376	$ 24,281	$ 14,298,866	1.04%
2022	$ 149,495	$ 162,023	$ (12,528)	$ 12,282,738	1.32%
2021	$ 147,520	$ 144,106	$ 3,414	$ 12,267,498	1.17%
2020	$ 122,711	$ 126,102	$ (3,391)	$ 10,445,327	1.21%
2019	$ 123,823	$ 118,095	$ 5,728	$ 10,646,871	1.11%
2018	$ 104,572	$ 97,561	$ 7,011	$ 8,915,372	1.09%
2017	$ 88,820	$ 86,124	$ 2,696	$ 7,640,904	1.13%

*GASB Statement No. 75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

2024

Changes of benefit terms
None

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

2023

Changes of benefit terms
Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

2022

Changes of benefit terms
Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions
The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are un-changed from the last actuarial valuation as of July 1, 2021.

2021

Changes of benefit terms
Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions
All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

2020
Changes of benefit terms
Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions
The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020, valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019
Changes of Benefit Terms
Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

Changes of assumptions
The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019, valuation:

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

2018
Changes of Benefit Terms
None

Changes of assumptions
Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Other Supplementary Information
December 31, 2024

City of West Fargo, North Dakota

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
Department of Agriculture			
Passed through North Dakota Forest Service			
Urban and Community Forestry Program	10.675	2023-ATBTP	$ 19,220
Department of Interior			
Passed through the Bureau of Reclamation			
WaterSMART (Sustain and Manage America's Resources for Tomorrow)	15.507	Unknown	75,000
Department of the Treasury			
Passed through North Dakota Office of Management and Budget			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	1,368,974
Department of Homeland Security			
Passed through North Dakota Department of Emergency Management			
Hazard Mitigation Grant Program	97.039	FEMA-DR-4509-ND	745,006
Total Federal Financial Assistance			$ 2,208,200

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of West Fargo, North Dakota (the City) under programs of the federal government for the year ended December 31, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The City does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

Additional Reports
December 31, 2024

City of West Fargo, North Dakota

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and City Council
City of West Fargo, North Dakota

We have audited, 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 (*Government Auditing Standards*), 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 (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002 and 2024-003 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Fargo, North Dakota
September 16, 2025

Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and City Council
City of West Fargo, North Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Program

We have audited the City of West Fargo, North Dakota's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fargo, North Dakota
September 16, 2025

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2024-001 Material Journal Entries
Material Weakness

Criteria – A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition – During the course of our engagement, we proposed numerous material audit adjustments which would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Cause – The City does not have an internal control system designed to identify all necessary adjustments.

Effect – This control deficiency could result in a material misstatement to the financial statements that would not be prevented or detected.

Recommendation – A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisory levels.

View of Responsible Officials – There is no disagreement with the audit finding.

2024-002 Preparation of Financial Statements
Material Weakness

Criteria – A good system of internal accounting control contemplates an adequate system an adequate system for internally preparing the City's financial statements.

Condition – The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the financial statements and accompanying notes to the financial statements.

Cause – The City does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Effect – The disclosures in the financial statements could be incomplete.

Recommendation – It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

View of Responsible Officials – There is no disagreement with the audit finding. Due to cost constraints, the City will continue to have the auditor's draft the financial statements and accompanying notes to the financial statements.

2024-003 Segregation of Duties
Material Weakness

Criteria – A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping and reconciliation functions. Additionally, appropriate checks and balances should be present when processing and approving payroll functions.

Condition – The City did not have enough staff to adequately separate duties in cash receipts, cash disbursements, payroll and related liabilities, and general ledger maintenance and reconciliation throughout the entire year under audit. Certain employees have the ability to perform incompatible responsibilities such as new vendor creation, check writing, and payroll changes.

Cause – There is a limited amount of office employees involved in the internal control process. Additionally, the City experienced turnover and vacancies in several positions within the accounting and finance department during the year ended December 31, 2024.

Effect – Inadequate segregation of duties could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions. Additionally, inadequate controls over payroll functions could lead to improper or unapproved payroll disbursements.

Recommendation – The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the City. Segregation of authorization, custody of assets, record keeping, account reconciliations, and payroll functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials – There is no disagreement with the audit finding.

Section III – Federal Award Findings and Questioned Costs

None reported.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
December 31, 2024

Prepared by Management of

City of West Fargo, North Dakota

2515 6th Street E.
West Fargo, ND 58078
701-515-5000
westfargond.gov

Finding 2023-001 Material Journal Entries

Initial Fiscal Year Finding Occurred: 2019

Finding Summary: During the course of the engagement numerous material audit adjustments were proposed by Eide Bailly LLP.

Status: Ongoing. See finding 2024-001.

Finding 2023-002 Preparation of Financial Statements, including Schedule of Expenditures of Federal Awards

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: The auditor assists management in preparing the financial statements and schedule of expenditures of federal awards that are presented, including not disclosures.

Status: Ongoing/Resolved. The City prepared the Schedule of Expenditures of Federal Awards. See finding 2024-002.

Finding 2023-003 Segregation of Duties

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: The auditor assists management in preparing the financial statements and schedule of expenditures of federal awards that are presented, including not disclosures.

Status: Ongoing. See finding 2024-003.

Finding 2023-004 Lack of Timely Bank Reconciliations

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: During the course of the engagement, it was noted that monthly bank reconciliations were not being completed in a timely manner.

Status: Resolved. The City’s bank reconciliations were completed in a timely manner.

Finding 2023-005 Activities Allowed or Unallowed

Federal Agency Name: Department of Treasury
Pass-Through Entity: North Dakota Office of Management and Budget
Assistance Listing Number: 21.027
Program Name: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Initial Fiscal Year Finding Occurred: 2022

Finding Summary:	The City had no formal review process for the allocation of payroll costs to federal awards.
Status:	Resolved. The City implemented a review process for the allocation of payroll costs to federal awards.

Finding 2023-006 Procurement, Suspension, and Debarment

Federal Agency Name: Department of Treasury
Pass-Through Entity: North Dakota Office of Management and Budget
Assistance Listing Number: 21.027
Program Name: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Initial Fiscal Year Finding Occurred: 2022

Finding Summary:	The City did not have a written policy on procurement that satisfied the requirements of 2 CFR sections 200.318 through 200.326.
Status:	Resolved. The City implemented procurement policy to incorporate requirements of 2 CFR sections 200.318 through 200.326.

Finding 2024-001 Material Journal Entries
Material Weakness

Finding Summary: During the course of the engagement, the auditor proposed numerous material audit adjustments which would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements. These adjustments include: the recognition of the changes in the net pension and net OPEB liabilities and related deferred inflows and outflows of resources under GASB Statements No. 68 and 75; the impact of GASB Statement No. 87, Leases, to record right to use leased assets and related liabilities; impact of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) to record right to use subscription IT assets and related liabilities, and implementation of GASB Statement No. 101, Compensated Absences to record long-term compensated absences liabilities.

Responsible Individuals: Willy Galindo, Finance Director

Corrective Action Plan: A thorough review and reconciliation of accounts in each fund will take place prior to the beginning of the audit. The City has established an internal control policy to document the monthly review of the financial statements by the City Commission.

Anticipated Completion Date: Ongoing

Finding 2024-002 Preparation of Financial Statements
Material Weakness

Finding Summary: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the financial statements and accompanying notes to the financial statements. This included formulating the proposal of necessary adjusting journal entries to convert the fund financial statements in accordance with GASB Statements No. 34, 68, 75, 87, and 96.

Responsible Individuals: Willy Galindo, Finance Director

Corrective Action Plan: It is not cost effective to have an internal control system designed to provide for the preparation of the financial statements and accompanying notes. We requested that our auditors, Eide Bailly LLP, prepare the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes.

Anticipated Completion Date: Ongoing

Finding 2024-003 Segregation of Duties
Material Weakness

Finding Summary:	The City does not have enough staff to adequately separate duties in cash receipts, cash disbursements, payroll and related liabilities, and general ledger maintenance and reconciliation. Certain employees have the ability to perform incompatible responsibilities such as new vendor creation, check writing, and payroll changes.
Responsible Individuals:	Willy Galindo, Finance Director
Corrective Action Plan:	The City experienced turnover within the finance department during the year. When the department is fully staffed, positions will be evaluated to ensure that no one individual has incompatible responsibilities.
Anticipated Completion Date:	December 31, 2025

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APPENDIX C–
FORM OF BOND COUNSEL OPINION

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(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C., upon delivery of the Bonds, assuming no material change in facts or law.)

BOND OPINION

$8,810,000 REFUNDING IMPROVEMENT BONDS, SERIES 2026
CITY OF WEST FARGO, NORTH DAKOTA

Ladies and Gentlemen,

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, Series 2026, dated as of August 31, 2026, in the total principal amount of $8,810,000 (the "Bonds"), pursuant to a resolution adopted by the Issuer on August 17, 2026 (the "Resolution"). 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, Series 2026, 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 Issuer has jurisdiction to undertake the local improvements within the Districts, and the execution, delivery and performance of any and all documents establishing the Districts are within the Issuer's power, have been duly authorized by all necessary action, and require no action by or in respect of, or in filing with, any governmental body, agency, or official that has not been accomplished.

3. The Issuer is a political subdivision of the State of North Dakota and is validly existing and in good standing under the Constitution and laws of the State of North Dakota.

4. The Bonds have been duly authorized, executed and delivered by the Issuer. The Bonds and the Resolution are legal, valid, binding, and enforceable in accordance with their respective terms.

5. 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 improvements 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 of the Issuer is required by law to levy a tax upon all taxable property within the corporate limits of the Issuer for the payment of such deficiency, and the governing body of the Issuer 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.

6. The Improvement Warrants refunded by the issuance of the Bonds are held in trust by the Issuer in the Refunding Improvement Bonds, Series 2026, 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.

7. The Issuer has not designated the Bonds as a qualified tax exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

8. 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. Such interest, however, is included in determining the annual adjusted financial statement income (as defined in Section 59(K) of the Code) of applicable corporations for the purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022. The opinions set forth above 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. Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers.

We express no opinion and make no representation as to any other tax consequence regarding the Bonds, except as set forth above.

In giving the foregoing opinions with respect to the treatment of the interest on the Bonds and the status of the Bonds under Federal tax laws, we have assumed and relied upon compliance by the Issuer with its covenants contained in the Transcript and upon the accuracy and completeness, which we have not independently verified, of the representations and certifications of the Issuer and others contained in the Transcript. Failure to comply with certain requirements with respect to the Bonds subsequent to the issuance of the Bonds may cause interest thereon to be included in the gross income for federal income tax purposes, in some cases retroactively to the date of the issuance of the Bonds.

The opinions set forth herein are based upon existing law which is subject to change. It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity. We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof, which may affect our legal opinions expressed herein.

The Issuer has retained an independent financial advisor and we express no opinions as to matters relating to financial products, options, or a plan of finance associated with the Bonds.

OHNSTAD TWICHELL, P.C.

APPENDIX D–
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 $8,810,000 Refunding Improvement Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on August 17, 2026 (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 (EMMA®) system operated by the Municipal Securities Rulemaking board ("MSRB") as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the deemed final official statement dated __________, 2026, delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided, however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with 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.

"Issuer" means 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 1300 I Street NW, Suite 1000, Washington, D.C.

"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 (currently December 31), commencing with the fiscal year ending December 31, 2026 (which is due no later than December 31, 2027), 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 whether there has occurred a change in the MSRB's address or e-mail address or the filing procedures and requirements for the 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 and Appendix A thereto:

1. Larger Employers in the Area.
2. Population.
3. Unemployment Figures.
4. Cass County Residential Building Permits.
5. Bonded Debt.
6. Overlapping General Obligation Bond Indebtedness.
7. Valuations.
8. Trend in Valuations.
9. Largest Property Taxpayers.
10. Tax Levies and Collections.
11. West Fargo Mill Levies.

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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) 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.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Choice of Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of North Dakota, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, then this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 14. Severability. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective __________, 2026.

CITY OF WEST FARGO

____
Dustin T. Scott
City Auditor

APPENDIX E–
NOTICE OF SALE

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NOTICE OF SALE

$8,810,000*
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA
REFUNDING IMPROVEMENT BONDS, SERIES 2026

(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 City Administrator, or designee, on Monday, August 17, 2026, at 10:30 AM CDT, at the offices of Colliers Securities LLC, 120 North 3rd Street, Bismarck, ND 58501. Consideration of the Proposals for award of the sale will be by the Board of City Commissioners at its meeting at City Hall located at 2515 6th Street E., West Fargo, ND 58078 beginning Monday, August 17, 2026 at 5:30 PM CDT.

SUBMISSION OF PROPOSALS

Neither the City nor Colliers Securities LLC will assume any liability for the inability of the bidder to reach Colliers Securities 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.

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 Colliers Securities 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.

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.

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* Preliminary, subject to change

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, 333 N 4th Street, Bismarck ND 58501 (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: August 31, 2026*

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued under North Dakota Century Code Chapters 40-24 and 40-27 and related chapters, as amended. The Bonds are being issued to provide funds to (i) finance improvements in District #1345, 1353, and 2290 (the "Districts") and (ii) pay costs of issuance for the Bonds. The Bonds are payable from certain special improvement warrants of the City which were issued for the purpose of paying the costs of improvements in the City. Such improvement warrants are payable from special assessments levied against benefited properties in the Districts.

INTEREST PAYMENTS

Interest is due semiannually on each May 1 and November 1 commencing May 1, 2027* 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 August 31, 2026* 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:

Maturity	Principal Amount**	Interest Rate	Yield	Maturity	Principal Amount**	Interest Rate	Yield
05/01/2027	$150,000			05/01/2040	$345,000		
05/01/2028	235,000			05/01/2041	360,000		
05/01/2029	240,000			05/01/2042	375,000		
05/01/2030	245,000			05/01/2043	395,000		
05/01/2031	250,000			05/01/2044	410,000		
05/01/2032	265,000			05/01/2045	430,000		
05/01/2033	270,000			05/01/2046	445,000		
05/01/2034	280,000			05/01/2047	465,000		
05/01/2035	290,000			05/01/2048	485,000		
05/01/2036	300,000			05/01/2049	510,000		
05/01/2037	310,000			05/01/2050	540,000		
05/01/2038	320,000			05/01/2051	560,000		
05/01/2039	335,000						

Designation of Term Maturities

Years of Term Maturities __________ __________

__________ __________

** The City reserves the right to adjust the issue size after bid opening by 10% in total and 10% per maturity. Bidders may aggregate all or a portion of the Refunding Improvement Bonds, Series 2026, maturing in the years 2027-2051 into any combination of Term Bonds, subject to mandatory sinking fund redemptions in accordance with the above schedule.

* Preliminary, subject to change

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 12%. 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.

OPTIONAL REDEMPTION

The Bonds maturing on May 1, 2035* and thereafter, are subject to redemption and prepayment at the option of the City on May 1, 2034* 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 thirty (30) days prior to such redemption date.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

DELIVERY

Delivery of the Bonds will be expected on August 31, 2026*, subject to an approving legal opinion by Ohnstad Twichell, P.C., Bond Counsel. 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

The price offered for the Bonds shall not be less than $8,721,900.00 (99.0%) plus accrued interest, if any, on the total principal amount of the Bonds.

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the bid must specify "Years of Term Maturities" in the spaces provided on the bid form.

No bid can be withdrawn or amended after the time set for receiving bids on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional bids will be accepted.

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* Preliminary, subject to change

GOOD FAITH DEPOSIT

A good faith deposit in the amount of one percent (1.0%) 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 Colliers Securities 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.

<u>Good Faith Requirement</u>

$8,810,000* Refunding Improvement Bonds, Series 2026 – $88,100.00
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 true interest cost (TIC) 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 Preliminary Official Statement dated August 6, 2026, 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 MuniOS website (www.munios.com) and to prospective proposers who request copies from the Municipal Advisor, Colliers Securities LLC. To reach Colliers Securities LLC by phone dial (701) 222-1617.

The Preliminary 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.

NON-BANK QUALIFICATION

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

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* Preliminary, subject to change

ESTABLISHMENT OF ISSUE PRICE

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

(i) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(ii) all bidders shall have an equal opportunity to bid;

(iii) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(iv) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

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 Dustin Scott
City Administrator

Additional information may be obtained from:
Colliers Securities LLC
120 North 3rd Street,
Bismarck, ND 58501
Phone: (701) 222-1617

EXHIBIT A TO NOTICE OF SALE

$8,810,000*
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA
REFUNDING IMPROVEMENT BONDS, SERIES 2026

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _______________________ ("____________"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by ____________ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by ____________ in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by ____________ to purchase the Bonds.

(b) ____________ was not given the opportunity to review other bids prior to submitting its bid.[1]

(c) The bid submitted by ____________ constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _______________.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents ____________'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the

---

[1] Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

* Preliminary, subject to change

Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ohnstad Twichell, P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

For the purpose of enabling the Issuer to file the Information Report Form 8038-G with respect to the Bonds, the issue price (excluding accrued interest, however) of the Bonds is $_____________.

By: ______________________________

Name: ______________________________

Dated: _____________

SCHEDULE A

EXPECTED OFFERING PRICES

Maturity	Sale Price (Exclusive of Accrued Interest)	Yield
05/01/27		
05/01/28		
05/01/29		
05/01/30		
05/01/31		
05/01/32		
05/01/33		
05/01/34		
05/01/35		
05/01/36		
05/01/37		
05/01/38		
05/01/39		
05/01/40		
05/01/41		
05/01/42		
05/01/43		
05/01/44		
05/01/45		
05/01/46		
05/01/47		
05/01/48		
05/01/49		
05/01/50		
05/01/51		

SCHEDULE B

COPY OF UNDERWRITER'S BID

APPENDIX F–
OFFICIAL BID FORM

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SALE DATE Monday, August 17, 2026

OFFICIAL BID FORM
$8,810,000*
CITY OF WEST FARGO
CASS COUNTY, NORTH DAKOTA
REFUNDING IMPROVEMENT BONDS, SERIES 2026

Board of City Commissioners and City Officials:

We offer a purchase price of $_____________ (which shall not be less than $8,721,900.00 (99.0%)) plus accrued interest, if any, to the date of delivery. 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:

Maturity	Principal Amount**	Interest Rate	Yield	Maturity	Principal Amount**	Interest Rate	Yield
05/01/2027	$150,000			05/01/2040	$345,000		
05/01/2028	235,000			05/01/2041	360,000		
05/01/2029	240,000			05/01/2042	375,000		
05/01/2030	245,000			05/01/2043	395,000		
05/01/2031	250,000			05/01/2044	410,000		
05/01/2032	265,000			05/01/2045	430,000		
05/01/2033	270,000			05/01/2046	445,000		
05/01/2034	280,000			05/01/2047	465,000		
05/01/2035	290,000			05/01/2048	485,000		
05/01/2036	300,000			05/01/2049	510,000		
05/01/2037	310,000			05/01/2050	540,000		
05/01/2038	320,000			05/01/2051	560,000		
05/01/2039	335,000						

Designation of Term Maturities

Years of Term Maturities ______________ ______________

______________ ______________

** The City reserves the right to adjust the issue size after bid opening by 10% in total and 10% per maturity. Bidders may aggregate all or a portion of the Refunding Improvement Bonds, Series 2026, maturing in the years 2027-2051 into any combination of Term Bonds, subject to mandatory sinking fund redemptions in accordance with the above schedule.

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

True Interest Cost __________ % Net Interest Cost __________ %

Account Members:

Respectfully submitted,

____________________________________ Firm Name __________________________________

____________________________________ Direct Contact/Phone Number __________________________________

____________________________________ By: __________________________________

The foregoing offer is hereby accepted this 17th day of August, 2026, by the City and in recognition therefore is signed by the Officers empowered and authorized to make such acceptance.

__________________________________ __________________________________

City Commission President City Administrator

*Preliminary, subject to change

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 Colliers Securities LLC the amount of **$88,100.00** 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 in the form of a wire transfer as instructed by Colliers Securities 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 **August 31, 2026**.

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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CITY OF WEST FARGO, CASS COUNTY, NORTH DAKOTA • REFUNDING IMPROVEMENT BONDS, SERIES 2026

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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