

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**



**BOARD OF EDUCATION OF THE CITY OF FARGO**

**Fargo, North Dakota**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**OF THE**  
**BOARD OF EDUCATION OF THE CITY OF FARGO**

700 7th Street South  
Fargo, North Dakota 58103

For the Fiscal Year Ended **June 30, 2023**

Dr. Rupak Gandhi, Superintendent

**Prepared By:**  
Dustin Foster

# BOARD OF EDUCATION OF THE CITY OF FARGO

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For the Year Ended June 30, 2023

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# SECTION I

## INTRODUCTORY SECTION





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**November 28, 2023**

To: Citizens of the Board of Education of the City of Fargo  
School Board  
Employees of the District

## INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of the Board of Education of the City of Fargo, included as part of this report, presents the financial position of the School District on June 30, 2023, and the results of operations for the fiscal year-ended 2023. This report was prepared in accordance with the United States generally accepted accounting principles (GAAP). The District's administration accepts total responsibility for the accuracy, completeness, and fairness in the presentation of these financial statements. Eide Bailly LLP audits this report.

## REPORT FORMAT

The Annual Comprehensive Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, an organizational chart, and a list of the School Board Members, Administration, and Audit Personnel. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), basic financial statements, and the combined individual fund statements and schedules. The Statistical section includes financial and demographic information, generally presented on a multi-year comparative basis.

The United States generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and to be read in conjunction with it. The MD&A of the Board of Education of the City of Fargo can be found immediately following the Independent Auditor's Report.

## FEDERAL SINGLE AUDIT

The District is required to undergo an annual single audit in conformity with 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). The Independent Auditor's Report and Schedule of Expenditures of Federal Awards are issued in separate documents.

## REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all of the funds of the primary government (Board of Education of the City of Fargo). Component units are legally separate entities for which the District (primary government) is financially accountable. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The criteria include: appointing a voting majority of an organization's governing body and (1) the ability of the Board of Education of the City of Fargo to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Board of Education of the City of Fargo. Based on these criteria, there is one component unit to be included within the Board of Education of the City of Fargo. This component unit, the Fargo Public School District Building Authority, was created by the School Board as a legally separate entity. Its purpose is to promote the educational system of the District by providing financing for use by the District in altering, repairing, maintaining, or constructing buildings and making improvements connected to school buildings. The School Board is the governing board of the Building Authority.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued  
For the Year Ended June 30, 2023

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The Board of Education of the City of Fargo provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education, and career/vocational education. Food services and transportation are provided as supporting programs. The District's community education programs include Early Childhood and Special Education (ECSE), Adult Education, and a myriad of classes for lifelong learning experiences for children and adults.

The Board of Education of the City of Fargo was organized in 1873 and serves the Fargo-Metropolitan area, which is bordered on the east by the Red River of the North, which separates North Dakota and Minnesota and the cities of Fargo and Moorhead. The District enrolled approximately 11,547 students in 2022-23 from an estimated population of 131,444 in the city of Fargo, and the projected enrollment is expected to remain stable or grow. The District employs approximately 2,185 people, including 1,119 teachers. The School District encompasses 57 square miles, and in terms of the number of students, is North Dakota's third-largest school district.

During the 2022-23 school year, the District operated 28 school buildings: three comprehensive (grades 10-12) high schools, one alternative (grade 9-12) high school, three middle schools (grades 6-8), 16 elementary schools (K through grade 5), including one Early Childhood Special Education learning center, one performing arts school, and three regional treatment facilities. With 28 different buildings, the age of these structures varies from 110 years old to an Operations Center that opened in the fall of 2017. The District's oldest building had approximately \$2.9 million in renovations in the past five years and the remaining buildings average age is about 43 years old. The community also benefits from six post-secondary institutions that serve the educational needs of the entire community.

## MAJOR INITIATIVES

The Board of Education of the City of Fargo uses a Long-Range Facility Plan as a road map for the District's financial well-being and as a plan to help achieve educational results by combining financial projections along with financial strategizing. This plan can be used as a tool to identify financial opportunities and obstructions while creating an avenue for discussion among the District's stakeholders. Projections are an important element of the financial review and planning process. As the District looks forward, several major factors will need to be considered in both short and long-term financial planning and they include:

- Renovations to accommodate the growth in the Early Childhood Special Education (ECSE) program.
- Selling the old District Office after the relocation of the current District Office.
- Construction of the North High School track and field area.
- Remodeling of elementary school buildings to enhance security.
- Explore potential new sites for the remaining programs located in the Agassiz building.
- Analyze the costs associated with a future elementary and high school.
- Develop a new long-range operational maintenance plan.

Careful planning and prioritizing will be necessary to maintain financial stability and a fund balance that provides the resources to cash flow operations without the need to borrow funds to finance those operations.

## ECONOMIC CONDITION AND OUTLOOK OF THE LOCAL ECONOMY

Fargo is the economic center of southeastern North Dakota and a portion of northwestern Minnesota. Fargo is a cultural, manufacturing, health care, and education hub for the region and is the primary population center of the state of North Dakota. According to federal census data, during the decade of 2000-2010, the population of the City of Fargo increased approximately 16.5 percent. In 2012, the unemployment rate was 3.0%. During the past ten years, unemployment in Fargo remained relatively stable, and is now at one of the lowest rates in the United States, at 2.2%. Unemployment is expected either to remain stable or decrease in the future as overall construction in the Fargo-Metropolitan area continues to be robust. In the 2023 building permit report, Fargo issued 1,182 permits and exceeded \$489 million in projected construction.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued  
For the Year Ended June 30, 2023

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## STRATEGIC PLAN

On June 9, 2015, The Board of Education approved the Fargo Public Schools Strategic Plan. The Strategic Plan is a contract between the Fargo Public School District and its owners – the residents of the Fargo School District. The District began work on its first Strategic Plan in 2000. During the 2014-15 school year, a 54-member Strategic Planning Steering Committee created a new Strategic Plan. The planning was far-reaching and multi-faceted, engaging our constituents through surveys and forums for feedback.

The Strategic Plan provides the District with new mission and vision statements, a values statement, and seven strategic initiatives, including:

1. Student Achievement and Growth
2. STEAM (Science, Technology, Engineering, Arts and Mathematics)
3. Positive School Culture
4. Engagement and Experiences in Co-Curricular Activities
5. Community Outreach and Communication
6. Equitable Resources and Planning
7. Continuous Improvement and Accountability

The Strategic Plan is proactive and provides a road map to create the kind of educational experiences the District wants for students. A balanced mix of current practice and new initiatives can be found throughout the plan, which is comprehensive and reaches all corners of the District. Both the academic and operational branches of the District are melded together to create consistency in practice. The plan makes our priorities clear, ensures full transparency, and uses measurable outcomes to hold us accountable for maintaining focus on what benefits our students.

To view the detailed Strategic Plan, visit: [www.fargo.k12.nd.us/StrategicPlan](http://www.fargo.k12.nd.us/StrategicPlan).

The Board of Education, elected by the citizens, believes the Strategic Plan is the District's blueprint for the future.

## OUR VISION

The Board of Education of the City of Fargo is committed to excellence through a student-centered learning environment supported by positive collaborations with students, staff, parents, school, and community.

A Board of Education of the City of Fargo education will provide students with a broad knowledge base by engaging in a standards-based curriculum with co-curricular opportunities. Graduates will possess sound character and 21st Century skills in communication, critical thinking, collaboration, and creativity necessary to participate in an ever-changing and culturally diverse world.

Equitable opportunities will ensure a quality educational experience to stimulate and support all students in their intellectual, social, and personal growth.

## OUR VALUES

The Board of Education of the City of Fargo is committed to:

- Believing all students can learn and grow.
- Creating a supportive and positive school climate.
- Ensuring all students receive effective, rigorous, and relevant instruction from highly qualified teachers.
- Engaging leadership in all students, parents, and community partnerships.
- Making data-driven decisions for continuous improvement.

## DISTRICT'S MISSION STATEMENT

Achieving excellence by educating and empowering all students to succeed.



# **BOARD OF EDUCATION OF THE CITY OF FARGO**

Letter of Transmittal – Continued  
For the Year Ended June 30, 2023

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## STUDENT ASSESSMENT AND TESTING

The District uses a variety of tests to evaluate curriculum and measure student achievement, performance, and abilities.

### NORTH DAKOTA STATE ASSESSMENT (NDSA)

The North Dakota State Assessment is an augmented norm-referenced test instrument aligned to state content standards in reading, language arts, and mathematics. The reading, language arts, and mathematics assessments are given to the District's students in grades 3 through 8. Beginning in 2017-18, grade 11 students were approved to substitute the NDSA with the ACT as their state assessment. A science assessment for grades 4, 8, and 10 was also approved in the fall.

The 2021-22 school year was unique with a portion of the District's students participating in a Virtual Academy. It was a parental option for their child(ren) to go back into the school for the annual state testing. Very few students who were virtual learners chose to participate in state testing and were documented with the state for reference.

### ACCESS TEST

In the spring, all students in the English Learners program are tested on their understanding of speech, listening, reading, writing, oral language, literacy, and comprehension.

### aimswEBPLUS

aimswEBPlus is a benchmark and progress monitoring system based on a set of standardized, individually administered measures of early literacy development. Tests are designed to measure fluency and monitor the development of pre-reading and early reading skills. These tests are given to students in grades K-5 and some special needs students in the fall, winter, and spring. The goal is to show valid indicators of early literacy development and predict later reading proficiency and provide early identification of students who are not progressing as expected. In the spring, all students in the English Learners program are tested on their understanding of speech, listening, reading, writing, oral language, literacy, and comprehension.

### BENCHMARK READING ASSESSMENT

The Benchmark Reading Assessment provides teachers with a method for evaluating two major aspects for reading: accuracy of oral reading and comprehension through reading and retelling of narrative stories. K-5 students are tested in the spring and fall or more often if deemed necessary. The assessments are conducted during one-on-one reading conferences as children read specially selected assessment texts. A set of twenty stories, which increase in difficulty, are used for the assessment.

### MEASURES OF ACADEMIC PERFORMANCE (MAP) TESTING

Students in grades 2-9 participate in MAP testing in the winter of each year. Students are required to take these tests to measure their academic progress throughout the year. This approach increases the value of the tests as a tool to improve student learning and will enable teachers to recognize areas where students need help. The goal of the MAP tests is to formulate an individual plan for each student to increase their achievement throughout the year.

### NORTH DAKOTA ALTERNATE ASSESSMENT TESTING

The North Dakota Alternate Assessment Testing provides a single, unified statewide tool that measures the performance of all students in terms of the state's challenging content and achievement standards. Alternate assessment testing is used for assessing students with significant disabilities. Through this assessment, the student's scores are integrated into the school's, district's, and state's overall student achievement database.

# **BOARD OF EDUCATION OF THE CITY OF FARGO**

Letter of Transmittal – Continued  
For the Year Ended June 30, 2023

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## AMERICAN COLLEGE TEST (ACT)

In 2022-23, the District's high school seniors continued to score above both the state and national average composite scores on the American College Test (ACT) entrance exam. The District's average composite score of 20.3 was higher than the state average composite score of 19.4.

In 2020-21, the state administered a mandatory ACT exam for all juniors. During 2022-23, the District's average composite score for juniors was 20.5, which was higher than the state average composite score of 19.6. The average composite score of the District's juniors and seniors over the past four years continues to outpace both the state and national averages.

## ADD-VANTAGE MATH RECOVERY (AVMR) ASSESSMENTS

AVMR assessments are research-based assessments designed to determine students' strengths and areas of improvement in mathematics. Assessments are given one-on-one and are dynamic in nature. Teachers use student responses to determine which tasks will best determine the level of skill or understanding. The information is used to make informed decisions about the next steps in class and small group instruction. AVMR assessments are given three times per year to all students in grades K-2 and once per year to all students in grades 3-5.

## NATIONAL AWARDS AND RECOGNITION

The Board of Education of the City of Fargo's faculty and staff exhibit a high level of commitment to provide and sustain an outstanding learning environment for all. As a result, the District performs at an elevated level and has received the following recognition:

- Best Communities for Music Education for the 20<sup>th</sup> year by the National Association of Music Merchants
- United Way's Top 50 Generous Workplaces
- Certificate of Excellence in Financial Reporting award from the Association of School Business Officials (ASBO) International

## ATTENDANCE, GRADUATION, AND EXTRA-CURRICULAR ACTIVITIES

The Board of Education of the City of Fargo has a 92% average daily attendance rate, and more than 85% of students in grades 6-12 participate in extra-curricular activities. Fifty-nine percent of our teachers hold a master's degree or higher, and approximately 16.4% of the District's students in grades 1-8 are enrolled in gifted and talented instruction. Nearly 49% of our students in grades 9-12 studied a foreign language and the District's (four-year) graduation rate is 81%.

## INTERNAL CONTROL SYSTEM

The District's management assumes full responsibility for establishing and maintaining an internal control structure designed to ensure the assets of the District are protected from loss, misuse, or theft, and to ensure adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The District believes their internal controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions. The concept of reasonable assurance recognizes the cost of these controls should not exceed the anticipated benefits. The objective is to provide reasonable assurance, rather than absolute assurance, that the financial statements are free of any material misstatements. The evaluation of these costs and benefits requires estimates and judgments by management continuously.

## BUDGETARY CONTROLS

Budgetary control is maintained through an annual budget adopted by the School Board. The taxes levied to support the final budget must be certified to the County Auditor by August 25<sup>th</sup> each year and filed by the Auditor no later than October 10<sup>th</sup> each year. Budgetary control is established at the fund level; all financial transactions of the District are accounted for in specific funds. The accounting system provides complete, self-balancing accounts for each fund of the District. This system provides budgetary control for activities of the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds. The system also provides budgetary control at the sub-function level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued  
For the Year Ended June 30, 2023

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## DEBT ADMINISTRATION

The total outstanding bonded debt of the District as of June 30, 2023 was \$101,152,222. The bonds mature at various dates through 2043. The District's bond rating is Aa2 based on Moody's Investors Service. This rating reflects the District's sound financial operations evidenced by their healthy reserve and liquidity levels, as well as the diverse and expanding regional economy and above average debt burden.

## FUTURE FINANCIAL PROSPECTS

The District's major revenue sources are state aid and property tax revenue. Instruction remains the District's largest expenditure and is the expenditure with the greatest favorable budget variances in recent years due to retiring staff and lower-than-anticipated operating expenditure increases. Enrollment trends are relatively stable, but additional growth towards the south end of the city has the potential to increase enrollment in the future. Enrollment is a key factor in calculating state revenue sources, which represents over half of the District's operating revenue. The District expects financial operations to remain healthy due to prudent budgeting, ample reserves, and a diverse and expanding regional economy. While the current financial condition of the District is strong, careful planning and financing must be followed to ensure a stable future.

## SIGNIFICANT EVENTS

As noted previously in the 'Major Initiatives' section, the District is guided by the Long-Range Facility Plan. This plan details the long-term configuration of our educational facilities and identifies projects that need short and long-term improvements. Managing the District's investment in facilities is a major area of concern. Renovations and repairs are underway at various locations, and the District is undergoing a district-wide facilities assessment to determine the District's biggest improvement areas. The District will continue to maintain the quality and appropriate configuration of its facilities into the future while providing the best educational opportunities available.

## REPORTING ACHIEVEMENT

As noted previously in the 'National Awards and Recognition' section, the Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to the District for its preparation of their Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This award is presented to governmental units that publish an ACFR that is easily readable, efficiently organized, and conforms to the program standards, as well as generally accepted accounting principles (GAAP) and applicable legal requirements. The District believes this report will continue to meet those standards and requirements.

## ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report requires a great deal of work by many individuals. The District acknowledges the efforts of the entire District Office staff for the dedication to their work and to the School Board for their encouragement and leadership.



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Jackie Gapp, CPA, SFO  
Business Manager

# BOARD OF EDUCATION OF THE CITY OF FARGO

School Board and Administration  
For the Year Ended June 30, 2023

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## SCHOOL BOARD

Dr. Tracie Newman  
Seth Holden  
Melissa Burkland  
Katie Christensen  
Greg Clark  
Nyamal Dei  
Nikkie Gullickson  
Jim Johnson  
Robin Nelson

President  
Vice President  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member

## ADMINISTRATION

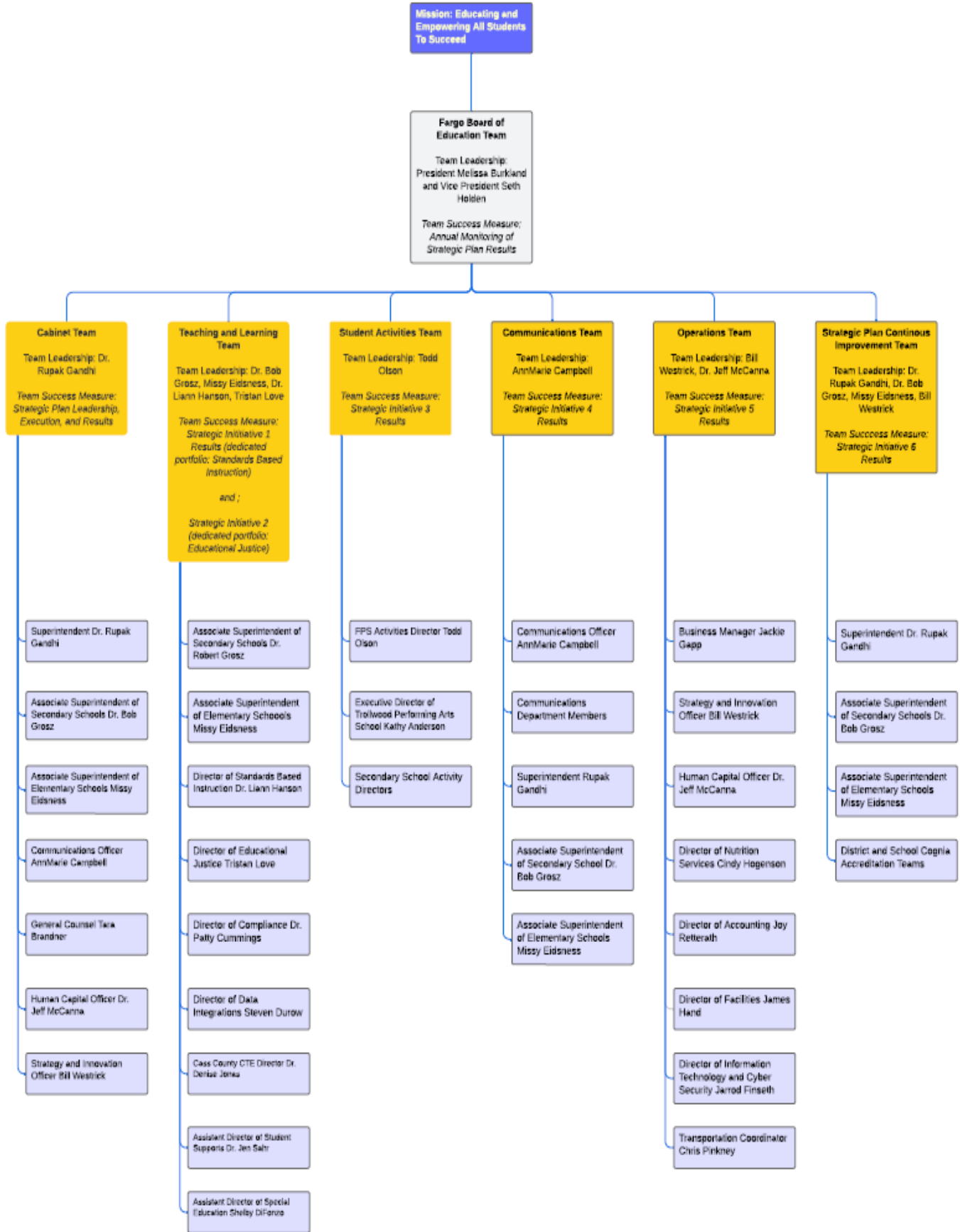
Dr. Rupak Gandhi  
Dr. Robert Grosz  
Missy Eidsness  
Bill Westrick  
Dr. Jeff McCanna  
Tara Brandner  
AnnMarie Campbell  
Jackie Gapp, CPA, SFO  
Joy Retterath, CPA

Superintendent  
Associate Superintendent  
Associate Superintendent  
Strategy and Innovation Officer  
Human Capital Officer  
General Counsel  
Executive Assistant & Communications  
Business Manager  
Director of Accounting

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Organizational Chart

For the Year Ended June 30, 2023



**BOARD OF EDUCATION OF THE CITY OF FARGO**

ASBO Certificate of Excellence in Financial Reporting  
For the Year Ended June 30, 2023



**The Certificate of Excellence in Financial Reporting  
is presented to**

**Board of Education of the City of Fargo**

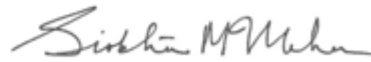
**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



*John W. Hutchison*

**John W. Hutchison  
President**



*Siobhán McMahon*

**Siobhán McMahon, CAE  
Chief Operations Officer/  
Interim Executive Director**

**SECTION II**  
**FINANCIAL SECTION**





## Independent Auditor's Report

The School Board of  
Fargo Public Schools  
Fargo, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fargo Public Schools ("the District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position 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 District 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.



### ***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 District'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 District'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 District’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 management’s discussion and analysis, budgetary comparison schedule for the general fund, schedules of employer’s share of net pension liability and employer contributions, and schedule of employer’s share of net OPEB liability and employer contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management’s responses to our inquires, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The budgetary comparison schedules; combining statement of revenues, expenditures, and changes in fund balances for the nonmajor special revenue funds; comparative balance sheets; combining balance sheet; schedule of fund activity; and 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* are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules; combining statement of revenues, expenditures, and changes in fund balances for the nonmajor special revenue funds; comparative balance sheets; combining balance sheet; schedule of fund activity; and Schedule of Expenditures of Federal Awards are 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 introductory section and the statistical section 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.

### ***Report on Summarized Comparative Information***

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Fargo Public Schools 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



Fargo, North Dakota  
November 28, 2023

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2023

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The management of the Board of Education of the City of Fargo (also known as "Fargo Public School District" or "District"), offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The District encourages readers to consider the information presented here in conjunction with the additional information presented. The intent of this discussion and analysis is to look at the District's overall financial performance.

## Financial Highlights

- The assets and deferred outflows of resources for the Fargo Public School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38,065,183 (Net Position). Of this amount, \$129,769,542 (Unrestricted Net Position) is a negative number, so it cannot be used to meet ongoing obligations.
- Fargo Public School District's total net position increased by \$11,646,110 based on the current year's operations.
- Fargo Public School District's total revenues from all sources were \$227,245,984 while total expenses were \$215,599,874.
- At the close of the current fiscal year, Fargo Public School District's governmental funds reported combined ending fund balances of \$64,165,473, an increase of \$2,019,190 in comparison with the prior year. Approximately \$40,285,313, or 62.78%, is available for spending through the unassigned fund balance.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Fargo Public School District's basic financial statements. The Fargo Public School District's basic financial statements are comprised of three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

These financial statements are organized so the reader can more clearly understand the Fargo Public School District as a whole.

## Government-Wide Financial Statements

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

The Statement of Net Position presents information on all the Fargo Public School District's assets and deferred outflows of resources, and the liabilities and deferred inflows of resources, with the difference, reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fargo Public School District is improving or declining.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Management’s Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

Figure 1 below summarizes the major features of the District’s financial statements, including portions of the District’s activities covered and the types of information they contain. The remainder of this overview section of the Management’s Discussion and Analysis (MD&A) highlights the structure and contents of each of the statements.

Figure 1 Major Features of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental	Proprietary Funds
Scope	Entire District	The activities of the District that are not Proprietary or Fiduciary: <input type="checkbox"/> Food Service <input type="checkbox"/> Student Activities	Activities the District operates like private business: <input type="checkbox"/> Internal Service Fund
Required Financial Statements	<input type="checkbox"/> Statement of Net Position <input type="checkbox"/> Statement of Activities	<input type="checkbox"/> Balance Sheet <input type="checkbox"/> Statement of Revenues, Expenditures, and Changes in Fund Balance	<input type="checkbox"/> Statement of Net Position <input type="checkbox"/> Statement of revenues, expenses, and changes in fund net position <input type="checkbox"/> Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resource Focus	Modified Accrual Accounting and Current Financial Resource Focus	Accrual Accounting and Economic Resource Focus
Type of Asset/Liability Information	All assets and deferred outflows of resources, and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets expected to be consumed and liabilities paid during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**Fund Financial Statements**

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

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2023

## Proprietary Funds

The Fargo Public School District maintains a proprietary fund to account for the financing of a self-insurance program available to employees. This account is used to accumulate and allocate costs internally on a cost-reimbursement basis.

## Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of specific groups and are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Fargo Public School District.

## Notes to the Financial Statements

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

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's net position is segregated into three categories: Net Investment in Capital Assets, Restricted, and Unrestricted. These assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. Restricted net position represents the District's resources that are subject to external restrictions on how they may be used. Unrestricted net position represents the remaining resources. The large negative unrestricted net position balance is solely due to the net pension and OPEB liability and related deferred inflows and outflows of resources. The pension and OPEB obligations are long-term obligations that are not likely to ever be liquidated from the unrestricted net position and are not obligated out of current resources to pay upcoming obligations. Not considering the effects of pension items, the unrestricted net position would have increased from the prior year and would be \$50,091,152. That amount of unrestricted net position is available to meet the District's ongoing obligations. The District believes this amount of unrestricted net position, not considering the effects of pension and OPEB items, is enough to meet ongoing obligations.

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current and Non-Current Assets	\$ 83,565,882	\$ 80,263,276
Capital Assets (Net of Depreciation)	255,632,124	231,468,290
Right-to-Use Assets (Net of Amortization)	213,838	291,627
Subscription-Based IT Assets (Net of Amortization)	457,128	451,214
<b>Total Assets</b>	<u>\$ 339,868,972</u>	<u>\$ 312,474,407</u>
<b>Deferred Outflows of Resources</b>		
Derived from Pension and OPEB	<u>\$ 80,734,044</u>	<u>\$ 47,160,914</u>
<b>Liabilities</b>		
Current Liabilities	\$ 7,695,557	\$ 9,992,165
Long-Term Liabilities	<u>339,831,960</u>	<u>234,474,864</u>
<b>Total Liabilities</b>	<u>\$ 347,527,517</u>	<u>\$ 244,467,029</u>
<b>Deferred Inflows of Resources</b>		
Derived from Pension and OPEB	\$ 34,669,456	\$ 88,237,025
Derived from Leases	<u>340,860</u>	<u>512,194</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 35,010,316</u>	<u>\$ 88,749,219</u>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 150,765,060	\$ 138,299,778
Restricted	17,069,665	18,760,233
Unrestricted	<u>(129,769,542)</u>	<u>(130,640,938)</u>
<b>Total Net Position</b>	<u>\$ 38,065,183</u>	<u>\$ 26,419,073</u>

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management’s Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

Current and Non-Current Assets increased mainly from the increased amount of intergovernmental receivables during the year. Capital Assets increased mainly due to the large land purchase agreement as well as the number of construction projects completed during the year. Right-to-Use Assets decreased during the year with the amortization of current year leases and no new qualified leases being adopted. Subscription-Based IT Assets increased during the year with the adoption of GASB 96 and its recognition of subscription-based IT assets. The Deferred Outflows of Resources increased with the change in change of assumptions on pension and OPEB investments. Current Liabilities decreased primarily due to the decrease in salaries and benefits payable. Long-Term Liabilities [due within one year] increased due to the addition of a large bond during the year. Long-Term Liabilities [due after one year] increased due to the change in net pension and OPEB liability. Deferred Inflows of Resources decreased due to the difference between the expected and actual experience and changes of assumptions on pension and OPEB investments. Net Investment in Capital Assets increased due to the large amount of capital asset additions during the year. Restricted Net Position decreased mainly as a result of the decrease in cash balances in the Capital Projects Fund during the year. Unrestricted Net Position decreased mainly as a result of fluctuations in the District’s pension and OPEB investments.

Governmental activities increased the Fargo Public School District's net position by \$11,646,110. Key elements of this increase are as follows:

	2023	2022
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 8,532,224	\$ 6,502,849
Operating Grants and Contributions	37,854,698	40,457,991
Capital Grants and Contributions	-	106,566
General Revenues		
Taxes	74,960,839	68,903,780
State Aid	102,139,533	99,386,242
Gain on Sale of Land	2,832,859	-
Interest and Other Revenue	925,831	1,809,281
Total Revenues	<u>\$ 227,245,984</u>	<u>\$ 217,166,709</u>
<b>Expenses</b>		
Instruction	\$ 104,446,858	\$ 135,317,117
Support Services		
Pupil Services	6,720,296	6,181,608
Instructional Staff Services	5,629,274	5,011,561
General Administration Services	3,380,837	3,092,448
School Administration Services	11,655,098	11,503,836
Business Services	5,386,024	4,640,293
Operations and Maintenance	17,035,928	15,127,100
Pupil Transportation Services	3,345,150	2,936,339
Co-Curricular Services	7,267,313	7,069,152
Food Services	8,357,590	8,224,383
Community Services	988,477	1,227,476
Capital Outlay	39,110,450	2,030,595
Interest and Other Charges on Long-Term Debt	2,276,579	2,381,346
Total Expenses	<u>\$ 215,599,874</u>	<u>\$ 204,743,254</u>
Change in Net Position	<u>\$ 11,646,110</u>	<u>\$ 12,423,455</u>
Net Position – July 1	<u>\$ 26,419,073</u>	<u>\$ 12,384,593</u>
Prior Period Adjustment	<u>\$ -</u>	<u>\$ 1,611,025</u>
Net Position – July 1	<u>\$ 26,419,073</u>	<u>\$ 13,995,618</u>
Net Position – June 30	<u>\$ 38,065,183</u>	<u>\$ 26,419,073</u>

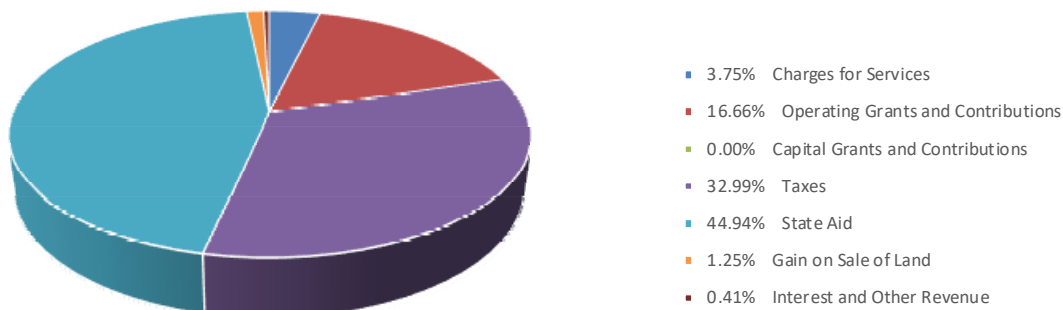
Total revenues increased mainly from an increase in property taxes as the result of higher assessed property values and an increase in state aid. Total expenses increased due to increases in salaries and benefits paid by the District as well as capital outlay expenditure increases.

# BOARD OF EDUCATION OF THE CITY OF FARGO

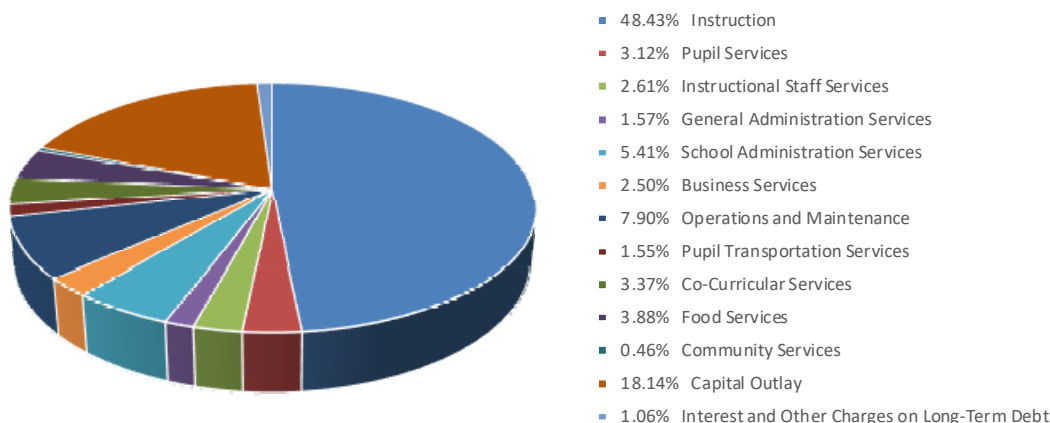
Management’s Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2023

The following charts present the portion of each category/function of revenue and expense:

Revenues of the Board of Education of the City of Fargo  
June 30, 2023



Expenses of the Board of Education of the City of Fargo  
June 30, 2023



As a result of the 2017 Legislative Session, the District’s funding pattern has changed from the prior twenty years, which relied heavily on property taxes rather than state sources. The new funding formula, established in the current biennium, places more emphasis on students rather than property. As a result, state per-pupil aid increased this year along with property taxes. The cost of all governmental activities this year was \$215,599,874 compared to \$204,743,254 for the year ended June 30, 2022.

- Some of the costs were paid for by the users of the District’s programs (\$8,532,224).
- The federal and state governments subsidized certain programs with grants and contributions for operating purposes (\$37,854,698).
- Most of the District’s revenues (\$180,859,062) were funded by district taxpayers and the taxpayers of the State of North Dakota and is comprised of property taxes (\$74,960,839), state aid based on the statewide education aid formula (\$102,139,533), gain on sale of land (\$2,832,859), and investment earnings and other general revenues (\$925,831).



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Management’s Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

	2023		2022	
	Total Cost of Service	Net (Expense) Revenue	Total Cost of Service	Net (Expense) Revenue
<i>Instruction:</i>				
Regular Education	\$ 58,488,449	\$ (31,085,465)	\$ 92,730,017	\$ (70,377,396)
Special Education	37,039,094	(31,233,057)	34,268,813	(28,674,094)
Vocational Education	7,713,706	(6,772,537)	7,232,123	(5,886,291)
Adult Education	1,205,609	(170,963)	1,086,164	(328,818)
<i>Support Services:</i>				
Pupil Services	6,720,296	(6,135,482)	6,181,608	(5,554,755)
Instructional Staff Services	5,629,274	(5,629,274)	5,011,561	(5,011,561)
General Administration Services	3,380,837	(3,380,837)	3,092,448	(3,092,448)
School Administration Services	11,655,098	(11,655,098)	11,503,836	(11,503,836)
Business Services	5,386,024	(5,207,107)	4,640,293	(4,498,609)
Operations and Maintenance	17,035,928	(16,500,299)	15,127,100	(14,329,216)
Pupil Transportation Services	3,345,150	(2,246,719)	2,936,339	(1,834,050)
Co-Curricular Activities	7,267,313	(4,487,517)	7,069,152	(3,971,691)
Food Service Outlay	8,357,590	(119,672)	8,224,383	2,234,916
Community Services	988,477	(369,037)	1,227,476	(436,058)
Capital Outlay	39,110,450	(39,110,450)	2,030,595	(2,030,595)
Interest and Fees on Long-Term Debt	2,276,579	(2,276,579)	2,381,346	(2,381,346)
<b>Total</b>	<b>\$ 215,599,874</b>	<b>\$ (166,380,093)</b>	<b>\$ 204,743,254</b>	<b>\$ (157,675,848)</b>

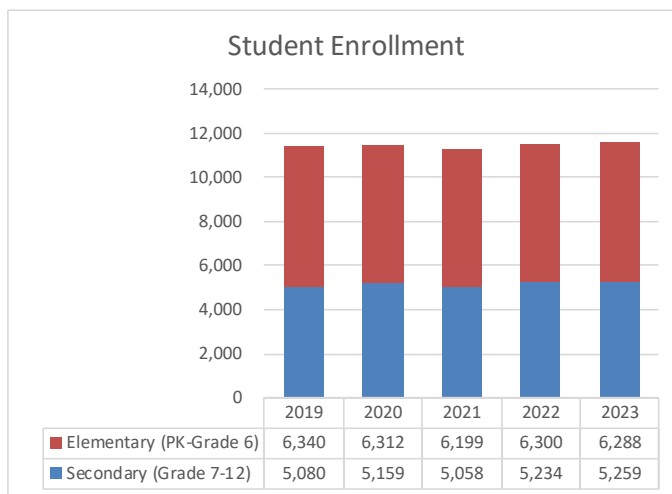
The “Net (Expense) Revenue” columns are calculated by subtracting the total program revenues from the expenses of each function. If the expenses of the District’s functions surpass the program revenues, negative numbers result in the Statement of Activities, representing a net expense or net cost to the public. These functions are generally dependent upon general-purpose revenues, including tax dollars. When program revenues exceed expenses, the resulting number is positive, representing net revenue to the public, sometimes available to offset other program costs. The “positive” or “negative” numbers merely indicate whether a particular function relies on general revenues for financing or is a net contributor to the resources of the District. Because the District relies on property taxes and state aid as its primary funding source, the total net cost of services will be a negative number.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management’s Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

## GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from pre-school through grade 12. Over the last five years, the District’s total student population has increased from 11,420 to 11,547. The 2022-23 school year saw an approximate 13-student increase in enrollment. The District saw enrollment numbers return to normal growth enrollment rates seen before the COVID-19 pandemic. Due to the continued strong development of new residential areas, the District anticipates the total number of students will continue to increase slightly or remain stable in future years.



The following schedule presents a summary of General Fund revenues:

	Fiscal Year 2023	Fiscal Year 2022	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 67,026,373	\$ 60,500,759	\$ 6,525,614	10.79%
State Sources	107,081,860	104,388,040	2,693,820	2.58%
Federal Sources	29,588,638	24,551,201	5,037,437	20.52%
Other Sources	74,873	63,993	10,880	17.00%
<b>Total Revenue</b>	<b>\$ 203,771,744</b>	<b>\$ 189,503,993</b>	<b>\$ 14,267,751</b>	<b>7.53%</b>

During the 2022-23 fiscal year, total General Fund revenue increased by \$14,267,751, or 7.53%, from the previous fiscal year. Basic general education revenue is determined by a state per-student funding formula and consists of a mix of property taxes and state aid revenue.

The following schedule presents a summary of General Fund expenditures:

	Fiscal Year 2023	Fiscal Year 2022	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Instruction	\$ 141,428,402	\$ 133,425,035	\$ 8,003,367	6.00%
Support Services	52,713,183	51,660,602	1,052,581	2.04%
Capital Outlay	1,629,637	1,696,913	(67,276)	0.00%
<b>Total Expenditures</b>	<b>\$ 195,771,222</b>	<b>\$ 186,782,550</b>	<b>\$ 8,988,672</b>	<b>4.81%</b>

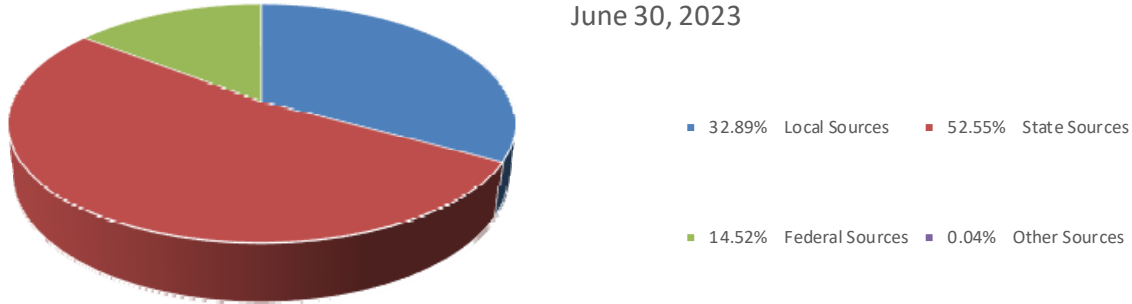
During the 2022-23 fiscal year, total General Fund expenditures increased by \$8,988,672, or 4.81%, from the previous fiscal year. In 2022-23, Instruction costs increased with negotiated salary increases, along with increases in the required contributions to TFFR (Teachers Fund for Retirement).

**BOARD OF EDUCATION OF THE CITY OF FARGO**

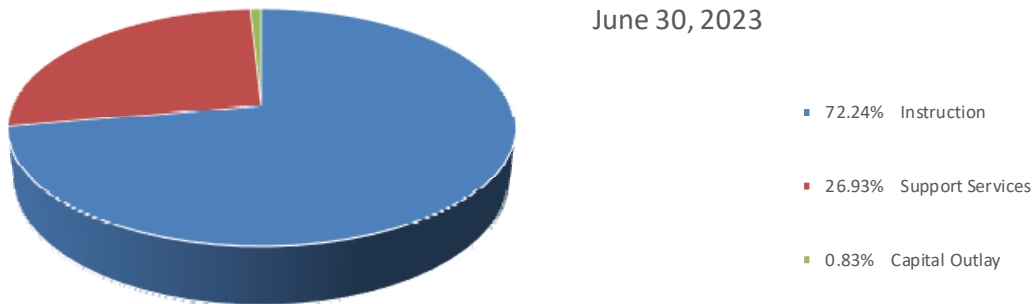
Management’s Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

During the 2022-23 fiscal year, General Fund revenues exceeded expenditures and other financing sources (uses) by \$3,799,591, resulting in a total fund balance of \$41,078,052, compared to a fund balance of \$37,278,461 in 2021-22.

General Fund Revenues by Source  
 June 30, 2023



General Fund Expenditures by Source  
 June 30, 2023



The General Fund also saw an increase of \$81,550 in other financing sources related to the sale of fixed assets during 2022-23.

**General Fund Budgetary Highlights**

During the 2022-23 fiscal year, there was a \$925,455 decrease in appropriations between the original and final revenue and expenditure budget. The actual revenue amount was less than the final revenue budget amount by \$14,972,121. Most of this difference resulted from lower than projected federal and state grant receipts. The actual expenditure amount was less than the final expenditure budget amount by \$18,196,533. The difference in expenditures from the final budget amount compared to the actual amount was mainly due to lower-than-expected instructional costs.

REVENUES					
	Original Budget	Amended Budget	Budget Variance	Actual	Final Budget to Actual Variance
General Fund	\$ 217,818,410	\$ 218,743,865	\$ (925,455)	\$ 203,771,744	\$ (14,972,121)

EXPENDITURES					
	Original Budget	Amended Budget	Budget Variance	Actual	Final Budget to Actual Variance
General Fund	\$ 213,042,300	\$ 213,967,755	\$ (925,455)	\$ 195,771,222	\$ (18,196,533)

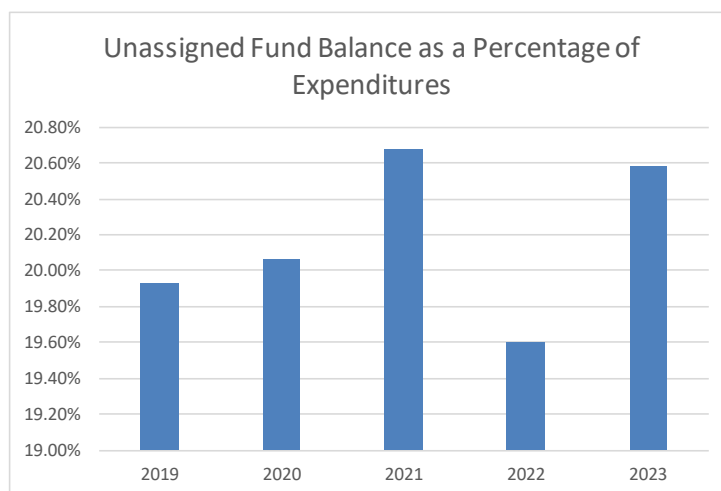
# BOARD OF EDUCATION OF THE CITY OF FARGO

Management’s Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

## Summary of General Fund Changes Last Ten Years

Fiscal Year	Beginning Balance	Prior Period Adjustment	Revenues	Expenditures	Other Financing Uses and Transfers In	Ending Balance
2014	\$26,420,050	\$ -	\$143,256,637	\$135,250,478	\$ (6,197,781)	\$28,228,428
2015	28,228,428	-	147,667,513	140,783,612	(6,136,488)	28,975,841
2016	28,975,841	-	155,901,680	147,458,328	(7,233,839)	30,185,354
2017	30,185,354	-	159,054,370	150,251,090	(7,340,357)	31,648,277
2018	31,648,277	-	160,672,265	153,664,001	(6,720,263)	31,936,278
2019	31,936,278	-	165,139,440	158,494,195	(6,728,656)	31,852,867
2020	31,852,867	-	171,040,884	162,336,912	(7,582,161)	32,974,678
2021	32,974,678	(1,193,831)	185,118,190	176,139,201	(3,756,185)	37,003,651
2022	37,003,651	1,689,630	189,503,993	186,782,550	(4,136,263)	37,278,461
2023	37,278,461	-	203,771,744	195,771,222	(4,200,931)	41,078,052

The following graph shows the General Fund unassigned fund balance as a percentage of expenditures over the last five fiscal years:



The graph above is one of the best measures of overall financial health. The unassigned fund balance of \$40,285,313 on June 30, 2023, represents 20.58% of annual General Fund expenditures. The Board of Education of the City of Fargo established a 10% fund balance goal several years ago to help with financial stability. It substantially modified that goal to 15% thereafter and has surpassed it since fiscal year 2001-02. This level provides enough unassigned resources to avoid short-term cash flow borrowing for the District.

## DEBT SERVICE FUND

The Debt Service Fund is included as a major fund for the Board of Education of the City of Fargo. This fund is used to make principal and interest payments on bonds when due. The use of a Debt Service Fund allows the District to report principal, interest, and other bond related costs separate from the ongoing operating activities of the General Fund.

The following schedule presents a summary of Debt Service Fund revenues and other financing sources:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ -	0%

Total Debt Service Fund revenues remained unchanged from the previous year.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Management's Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2023

The following schedule presents a summary of Debt Service Fund expenditures and other financing uses:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Principal	\$ 4,697,148	\$ 6,354,256	\$ (1,657,108)	-26.08%
Interest	2,623,472	2,649,516	(26,044)	-0.98%
Fiscal Charges and Fees	4,754	-	4,754	0.00%
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 7,325,374</b>	<b>\$ 9,003,772</b>	<b>\$ (1,678,398)</b>	<b>-18.64%</b>

Total Debt Service Fund expenditures decreased by \$1,678,398, or 18.64%, from the previous fiscal year. During 2022-23, Debt Service expenditures decreased due to one of the District's bonds being paid off during the year as well as the first payment of the District's new 2023 bond not being due until fiscal year 2023-24.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund is also a major fund for the Board of Education of the City of Fargo. This fund is where major capital acquisitions and construction costs are reported. The use of a Capital Projects Fund allows the District to report construction activities financed through bond borrowings separate from the ongoing operating activities of the General Fund.

The following schedule presents a summary of Capital Projects Fund revenues and other financing sources:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 14,070,716	\$ 12,891,442	\$ 1,179,274	9.15%
Sale of Land	8,331,939	-	8,331,939	0.00%
Gain on Sale of Land	2,832,859	-	2,832,859	0.00%
Debt Issuance	17,155,000	7,920,000	9,235,000	116.60%
Premium on Sale of Bonds	542,073	130,211	411,862	316.30%
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 42,932,587</b>	<b>\$ 20,941,653</b>	<b>\$ 21,990,934</b>	<b>105.01%</b>

Total Capital Projects Fund revenues and other financing sources increased by \$21,990,934, or 105.01%, from the previous fiscal year. The primary reason for this increase was the sale of the 2023 Limited Tax Bond in the amount of \$17,155,000 during the year as well as the large land purchase agreement.

The following schedule presents a summary of Capital Projects Fund expenditures and other financing uses:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operations and Maintenance	\$ 11,791	\$ 1	\$ 11,790	1179000.00%
Capital Outlay	37,173,228	3,992,480	33,180,748	831.08%
Principal	174,579	20,164	154,415	765.80%
Interest	29,401	27,222	2,179	8.00%
Bond Costs	248,938	333,843	(84,905)	-25.43%
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 37,637,937</b>	<b>\$ 4,373,710</b>	<b>\$ 33,264,227</b>	<b>760.55%</b>

Total Capital Projects Fund expenditures and other financing uses increased by \$33,264,227, or 760.55%, from the previous fiscal year. The primary reason for this increase was due to the large land purchase agreement during the year.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2023

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## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2023, the Fargo Public School District had \$255,632,124 invested in capital assets (net of accumulated depreciation). This investment includes land and land improvements, buildings and improvements, equipment and vehicles, and construction in progress.

	<u>2023</u>	<u>2022</u>
Capital Assets (Not Being Depreciated)		
Land	\$ 35,758,164	\$ 15,268,098
Construction in Progress	9,491,398	16,970,746
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	205,477,263	194,769,367
Equipment and Vehicles	<u>4,905,299</u>	<u>4,460,079</u>
Total Capital Assets, Net	<u>\$ 255,632,124</u>	<u>\$ 231,468,290</u>

Land increased during the year due to a large land purchase to be used for future school construction. Buildings and improvements increased and Construction in Progress decreased due to the completion of the Agassiz Plumbing, Ben Franklin A/C, Davies Field Turf, Explorer Academy, McKinley Roof Replacement, RDO (District Office) Building, and Trollwood Storage Building projects. Equipment increased due to the need for new equipment at the various locations throughout the District. More detailed information about capital assets can be found in Note 5 to the financial statements.

### Right-to-Use Assets

As of June 30, 2023, the Fargo Public School District had \$213,838 invested in right-to-use assets (net of accumulated amortization). This investment includes various GASB 87 lease agreements the District is entered into.

	<u>2023</u>	<u>2022</u>
Right-to-Use Assets	<u>\$ 213,838</u>	<u>\$ 291,627</u>

### Subscription-Based IT Assets (SBITA's)

As of June 30, 2023, the Fargo Public School District had \$457,127 invested in subscription-based IT assets (net of accumulated amortization). This investment includes various GASB 96 subscription agreements the District is entered into.

	<u>2023</u>	<u>2022</u>
Subscription-Based IT Assets	<u>\$457,128</u>	<u>\$451,214</u>

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2023

## Long-Term Liabilities

At the end of the current fiscal year, the District had \$339,831,960 in long-term liabilities. Of this amount, \$101,738,234 is long-term debt, \$6,732,059 is the current liability due within one year that consists of bonds payable and special assessments payable. The Fargo Public School District increased its existing debt obligations by \$105,808,310 this year. The key factors for this increase were the issuance of the 2023 Limited Tax Bond and the increase in net pension and OPEB liability this year. More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements.

	2023	2022
Long-Term Bond Premium	\$ 4,304,692	\$ 4,478,338
Long-Term Debt		
General Obligation Bonds Payable	\$ 100,862,223	\$ 88,124,371
Special Assessments Payable	586,011	607,068
Building Authority Revenue Bonds Payable	290,000	570,000
Total Long-Term Debt	\$ 101,738,234	\$ 89,301,439
Long-Term Payroll Liabilities		
Vacation Payable	\$ 501,790	\$ 515,350
Unused Personal Leave Payable	788,831	837,932
Legacy Sick Leave Longevity Payable	345,817	441,548
PTO Payable	445,410	376,036
Paid Leave System Payable	5,196,781	4,861,499
Total Long-Term Payroll Liabilities	\$ 7,278,629	\$ 7,032,365
Long-Term Lease Liability	\$ 205,897	\$ 287,431
Long-Term SBITA Liability	\$ 379,226	\$ 451,214
Net Pension and OPEB Liability	\$ 225,925,282	\$ 132,924,077
Total Long-Term Liabilities	\$ 339,831,960	\$ 234,474,864

## Economic Factors and Next Year's Budget

Fargo Public School District considered many factors when setting the fiscal year 2022-23 budget. The District's economic position has remained relatively constant. With a specified General Fund mill levy up to 127 mills, of which currently 126.78 mills are levied, taxable property valuation will increase 5.0% from the prior year. The local economy is strong, and the City of Fargo continues to grow in population. Demographic analysis of the District's student population displays growth of approximately 100 students for the upcoming year. Future growth is predicted to be around that same estimate in future years.

One of the District's primary sources of revenue is from the State of North Dakota and is based on a per pupil payment funding formula. The 2021 legislative session provided a 1% increase in the rate for 2022 and 2023, or \$10,136 and \$10,237, respectively. Federal revenues will increase due to the additional funding received through the Elementary and Secondary School Emergency Relief (ESSER) Fund.

The District will continue to work diligently to focus efforts on efficiency and strong fiscal stewardship as they look forward to the future of educating and empowering all students to succeed.

# **BOARD OF EDUCATION OF THE CITY OF FARGO**

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2023

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## **Requests for Information**

This financial report is designed to provide a general overview of the Fargo Public School District's finances for all applicable citizens, taxpayers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Fargo Public Schools District Office  
Dustin Foster  
700 7th Street South  
Fargo, North Dakota 58103



**SECTION II-A**  
**BASIC FINANCIAL STATEMENTS**



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statement of Net Position

June 30, 2023 (Summarized Comparative Totals 2022)

	Governmental Activities	
	2023	2022 (As Restated)
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 65,208,561	\$ 63,300,254
Accounts Receivable	1,101,401	965,670
Taxes Receivable	3,582,125	3,380,238
Intergovernmental Receivable	10,334,705	7,948,776
Lease Receivable	399,542	512,194
Due from County Treasurer	167,092	1,102,162
Inventories	862,456	863,982
Notes Receivable	345,000	280,000
<b>Total Current Assets</b>	<b>\$ 82,000,882</b>	<b>\$ 78,353,276</b>
Non-Current Assets		
Notes Receivable	\$ 1,565,000	\$ 1,910,000
Capital Assets (Not Being Depreciated)		
Land	35,758,164	15,268,098
Construction in Progress	9,491,398	16,970,746
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	205,477,263	194,769,367
Equipment and Vehicles	4,905,299	4,460,079
Right-to-Use Assets (Net of Accumulated Amortization)		
Right-to-Use Assets	213,838	291,627
Subscription-Based IT Assets (Net of Accumulated Amortization)		
Subscription-Based IT Assets	457,128	451,214
<b>Total Non-Current Assets</b>	<b>\$ 257,868,090</b>	<b>\$ 234,121,131</b>
<b>Total Assets</b>	<b>\$ 339,868,972</b>	<b>\$ 312,474,407</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	\$ 80,734,044	\$ 47,160,914
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 420,603,016</b>	<b>\$ 359,635,321</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 3,459,774	\$ 414,355
Salaries and Benefits Payable	1,040,802	5,676,947
Due to Other Agencies	94,127	162,244
Contracts Payable	382,596	91,469
IBNR Claims	1,285,869	2,074,467
Interest Payable	1,137,595	1,167,512
Unearned Revenue - Food Service Commodities	105,383	126,393
Unearned Revenue - Food Service Lunch Credits	189,411	278,778
<b>Total Current Liabilities</b>	<b>\$ 7,695,557</b>	<b>\$ 9,992,165</b>
Long-Term Liabilities		
Due Within One Year		
Long-Term Bond Premium	\$ 715,719	\$ 712,290
Long-Term Lease Liability	82,886	81,534
Long-Term SBITA Liability	146,888	71,988
Long-Term Debt	6,732,059	4,718,205
Long-Term Payroll Liabilities	-	209,502
Due After One Year		
Long-Term Bond Premium	3,588,973	3,766,048
Long-Term Lease Liability	123,011	205,897
Long-Term SBITA Liability	232,338	379,226
Long-Term Debt	95,006,175	84,583,234
Long-Term Payroll Liabilities	7,278,629	6,822,863
Net Pension and OPEB Liability	225,925,282	132,924,077
<b>Total Long-Term Liabilities</b>	<b>\$ 339,831,960</b>	<b>\$ 234,474,864</b>
<b>Total Liabilities</b>	<b>\$ 347,527,517</b>	<b>\$ 244,467,029</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	\$ 34,669,456	\$ 88,237,025
Derived from Leases	340,860	512,194
<b>Total Deferred Inflows of Resources</b>	<b>\$ 35,010,316</b>	<b>\$ 88,749,219</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 382,537,833</b>	<b>\$ 333,216,248</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 150,765,060	\$ 138,299,778
Restricted		
Capital Projects	16,904,238	18,760,233
Debt Service	165,427	-
Unrestricted		
	(129,769,542)	(130,640,938)
<b>Total Net Position</b>	<b>\$ 38,065,183</b>	<b>\$ 26,419,073</b>

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statement of Activities

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

Functions/Programs	2023				2022	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities</b>						
Instruction						
Regular Education	\$ 58,488,449	\$ 1,161,442	\$ 23,408,683	\$ -	\$ (33,918,324)	\$ (70,377,396)
Special Education	37,039,094	274,572	5,531,465	-	(31,233,057)	(28,674,094)
Vocational Education	7,713,706	122,823	818,346	-	(6,772,537)	(5,886,291)
Adult Education	1,205,609	12,091	1,022,555	-	(170,963)	(328,818)
Support Services						
Pupil Services	6,720,296	584,814	-	-	(6,135,482)	(5,554,755)
Instructional Staff Services	5,629,274	-	-	-	(5,629,274)	(5,011,561)
General Administration Services	3,380,837	-	-	-	(3,380,837)	(3,092,448)
School Administration Services	11,655,098	-	-	-	(11,655,098)	(11,503,836)
Business Services	5,386,024	178,917	-	-	(5,207,107)	(4,498,609)
Operations and Maintenance	17,035,928	35,629	500,000	-	(16,500,299)	(14,329,216)
Pupil Transportation Services	3,345,150	-	1,098,431	-	(2,246,719)	(1,834,050)
Co-Curricular Activities	7,267,313	2,314,539	465,257	-	(4,487,517)	(3,971,691)
Food Services Outlay	8,357,590	3,227,957	5,009,961	-	(119,672)	2,234,916
Community Services	988,477	619,440	-	-	(369,037)	(436,058)
Capital Outlay	39,110,450	-	-	-	(39,110,450)	(2,030,595)
Interest and Fees on Long-Term Debt	2,276,579	-	-	-	(2,276,579)	(2,381,346)
<b>Total Governmental Activities</b>	<b>\$ 215,599,874</b>	<b>\$ 8,532,224</b>	<b>\$ 37,854,698</b>	<b>\$ -</b>	<b>\$ (169,212,952)</b>	<b>\$ (157,675,848)</b>
<u>General Revenues</u>						
Taxes						
					\$ 59,759,099	\$ 54,885,487
					13,009,553	12,198,836
					2,192,187	1,819,457
State Aid Not Restricted to Specific Program						
					102,139,533	99,386,242
					2,832,859	-
					925,831	1,809,281
<b>Total General Revenues</b>					<b>\$ 180,859,062</b>	<b>\$ 170,099,303</b>
Change in Net Position					\$ 11,646,110	\$ 12,423,455
Net Position - July 1					\$ 26,419,073	\$ 12,384,593
Prior Period Adjustments					\$ -	\$ 1,611,025
Net Position - July 1					\$ 26,419,073	\$ 13,995,618
Net Position - June 30					\$ 38,065,183	\$ 26,419,073

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Balance Sheet – Governmental Funds

June 30, 2023 (Summarized Comparative Totals 2022)

	Major Funds				Total Governmental Funds	
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	2023	2022
<b>ASSETS</b>						
Cash and Investments	\$ 32,968,054	\$ 165,427	\$ 17,682,356	\$ 6,899,450	\$ 57,715,287	\$ 57,702,026
Accounts Receivable	184,776	-	6,495	25,345	216,616	950,932
Taxes Receivable	2,941,714	-	640,411	-	3,582,125	3,380,238
Intergovernmental Receivable	10,290,220	-	-	44,485	10,334,705	7,948,776
Lease Receivable	399,542	-	-	-	399,542	512,194
Due from County Treasurer	137,219	-	29,873	-	167,092	1,102,162
Notes Receivable	290,000	-	1,620,000	-	1,910,000	2,190,000
Prepaid Expenses	81,116	-	-	-	81,116	-
Inventories	711,623	-	-	150,833	862,456	863,982
<b>Total Assets</b>	<b>\$48,004,264</b>	<b>\$ 165,427</b>	<b>\$ 19,979,135</b>	<b>\$ 7,120,113</b>	<b>\$ 75,268,939</b>	<b>\$ 74,650,310</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 2,245,844	\$ -	\$ 1,072,301	\$ 140,017	\$ 3,458,162	\$ 85,764
Salaries and Benefits Payable	1,013,667	-	-	27,135	1,040,802	5,676,947
Contracts Payable	-	-	382,596	-	382,596	91,469
Due to Other Agencies	94,127	-	-	-	94,127	162,244
Unearned Revenue - Food Service Commodity Inventory	-	-	-	105,383	105,383	126,393
Unearned Revenue - Food Service Lunch Credits	-	-	-	189,411	189,411	278,778
<b>Total Liabilities</b>	<b>\$ 3,353,638</b>	<b>\$ -</b>	<b>\$ 1,454,897</b>	<b>\$ 461,946</b>	<b>\$ 5,270,481</b>	<b>\$ 6,421,595</b>
<b>Deferred Inflows of Resources</b>						
Uncollected Taxes Receivable	\$ 2,941,714	\$ -	\$ 640,411	\$ -	\$ 3,582,125	\$ 3,380,238
Uncollected Notes Receivable	290,000	-	1,620,000	-	1,910,000	2,190,000
Deferred Inflows of Resources - Leases	340,860	-	-	-	340,860	512,194
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,572,574</b>	<b>\$ -</b>	<b>\$ 2,260,411</b>	<b>\$ -</b>	<b>\$ 5,832,985</b>	<b>\$ 6,082,432</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 6,926,212</b>	<b>\$ -</b>	<b>\$ 3,715,308</b>	<b>\$ 461,946</b>	<b>\$ 11,103,466</b>	<b>\$ 12,504,027</b>
<b>Fund Balances</b>						
<b>Non-Spendable</b>						
Inventories	\$ 711,623	\$ -	\$ -	\$ 150,833	\$ 862,456	\$ 863,982
Prepaid Expenses	81,116	-	-	-	81,116	-
<b>Restricted</b>						
Debt Service	-	165,427	-	-	165,427	-
Capital Projects	-	-	16,263,827	-	16,263,827	18,155,915
<b>Committed</b>						
Special Revenue	-	-	-	6,507,334	6,507,334	6,507,929
<b>Unassigned</b>						
General	40,285,313	-	-	-	40,285,313	36,618,457
<b>Total Fund Balances</b>	<b>\$41,078,052</b>	<b>\$ 165,427</b>	<b>\$ 16,263,827</b>	<b>\$ 6,658,167</b>	<b>\$ 64,165,473</b>	<b>\$ 62,146,283</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$48,004,264</b>	<b>\$ 165,427</b>	<b>\$ 19,979,135</b>	<b>\$ 7,120,113</b>	<b>\$ 75,268,939</b>	<b>\$ 74,650,310</b>

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
For the Year Ended June 30, 2023

**Total Fund Balances - Governmental Funds** \$ 64,165,473

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 361,446,831	
Less Accumulated Depreciation	<u>(105,814,707)</u>	255,632,124

Right-to-use assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Right-to-Use Assets	\$ 463,289	
Less Accumulated Amortization	<u>(249,451)</u>	213,838

Subscription-based IT assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Subscription-Based IT Assets	\$ 532,330	
Prepaid Expense of Subscription-Based IT Assets	(81,116)	
Less Accumulated Amortization	<u>(75,202)</u>	376,012

Some revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are not available in the funds.

Taxes Receivable	\$ 3,582,125	
Notes Receivable	<u>1,910,000</u>	5,492,125

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$ 80,734,044	
Deferred Inflows Related to Pensions and OPEB	<u>(34,669,456)</u>	46,064,588

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year-end is made up of the following liabilities:

Long-Term Debt	\$ (101,738,234)	
Interest Payable	(1,137,595)	
Long-Term Payroll Liabilities	(7,278,629)	
Bond Premium	(4,304,692)	
Lease Liability	(205,897)	
SBITA Liability	(379,226)	
Net Pension and OPEB Liability	<u>(225,925,282)</u>	(340,969,555)

An internal service fund is used by the School District to charge the cost of medical insurance, worker's compensation insurance and unemployment claims to individual functions. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal Service Fund net position is:

7,090,578

**Total Net Position - Governmental Activities** \$ 38,065,183

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Major Funds				Total Governmental Funds	
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	2023	2022
<b>REVENUES</b>						
Local Sources	\$ 67,026,373	\$ -	\$ 14,070,716	\$ 6,163,271	\$ 87,260,360	\$ 77,253,251
State Sources	107,081,860	-	-	68,683	107,150,543	104,435,579
Federal Sources	29,588,638	-	-	4,881,934	34,470,572	34,127,137
Other Sources	74,873	-	-	-	74,873	63,997
<b>Total Revenues</b>	<b>\$203,771,744</b>	<b>\$ -</b>	<b>\$ 14,070,716</b>	<b>\$ 11,113,888</b>	<b>\$ 228,956,348</b>	<b>\$ 215,879,964</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
<b>Instruction</b>						
Regular Education	\$ 97,204,009	\$ -	\$ -	\$ -	\$ 97,204,009	\$ 91,423,146
Special Education	35,636,742	-	-	-	35,636,742	33,801,666
Vocational Education	7,394,188	-	-	-	7,394,188	7,150,256
Adult Education	1,193,463	-	-	-	1,193,463	1,049,967
<b>Support Services</b>						
Pupil Services	6,471,239	-	-	-	6,471,239	6,094,962
Instructional Staff Services	5,391,207	-	-	-	5,391,207	4,924,121
General Administration Services	3,225,874	-	-	-	3,225,874	3,068,965
School Administration Services	11,176,324	-	-	-	11,176,324	11,304,089
Business Services	5,136,770	-	-	-	5,136,770	4,994,852
Operations and Maintenance	16,867,166	-	11,791	-	16,878,957	16,904,485
Pupil Transportation Services	3,190,547	-	-	-	3,190,547	2,878,270
Co-Curricular Activities	275,537	-	-	6,696,024	6,971,561	6,864,686
Food Services Outlay	-	-	-	8,156,036	8,156,036	8,030,217
Community Services	978,519	-	-	-	978,519	1,226,357
Capital Outlay	1,629,637	-	37,173,228	307,585	39,110,450	6,023,075
<b>Debt Service</b>						
Principal	-	4,697,148	174,579	-	4,871,727	6,374,420
Interest	-	2,623,472	29,401	-	2,652,873	2,676,738
Fiscal Charges and Fees	-	4,754	248,938	-	253,692	333,843
<b>Total Expenditures</b>	<b>\$195,771,222</b>	<b>\$ 7,325,374</b>	<b>\$ 37,637,937</b>	<b>\$ 15,159,645</b>	<b>\$ 255,894,178</b>	<b>\$ 215,124,115</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,000,522	\$ (7,325,374)	\$ (23,567,221)	\$ (4,045,757)	\$ (26,937,830)	\$ 755,849
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	\$ 350,000	\$ 7,490,801	\$ 6,000,000	\$ 4,342,017	\$ 18,182,818	\$ 20,045,832
Transfers Out	(4,646,080)	-	(13,186,738)	(350,000)	(18,182,818)	(20,045,832)
Sale of Land	-	-	8,331,939	-	8,331,939	-
Gain on Sale of Land	-	-	2,832,859	-	2,832,859	-
Debt Issuance	-	-	17,155,000	-	17,155,000	7,920,000
Premium on Sale of Bonds	-	-	542,073	-	542,073	130,211
Sale of Assets	95,149	-	-	-	95,149	13,599
<b>Total Other Financing Sources and Uses</b>	<b>\$ (4,200,931)</b>	<b>\$ 7,490,801</b>	<b>\$ 21,675,133</b>	<b>\$ 3,992,017</b>	<b>\$ 28,957,020</b>	<b>\$ 8,063,810</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,799,591</b>	<b>\$ 165,427</b>	<b>\$ (1,892,088)</b>	<b>\$ (53,740)</b>	<b>\$ 2,019,190</b>	<b>\$ 8,819,659</b>
Fund Balances - July 1	\$ 37,278,461	\$ -	\$ 18,155,915	\$ 6,711,907	\$ 62,146,283	\$ 51,620,242
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,382
Fund Balances - July 1	\$ 37,278,461	\$ -	\$ 18,155,915	\$ 6,711,907	\$ 62,146,283	\$ 53,326,624
Fund Balances - June 30	\$ 41,078,052	\$ 165,427	\$ 16,263,827	\$ 6,658,167	\$ 64,165,473	\$ 62,146,283

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,019,190

The change in net position reported for governmental activities in the statement of activities is different because:

Capital Outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Capital Asset Additions	\$ 10,288,444	
Depreciation Expense	(6,778,068)	
Purchase of Land	28,822,005	
Sale of Land	<u>(8,331,939)</u>	24,000,442

Capital Outlays related to leases are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which capital outlay exceeded amortization in the current year.

Amortization Expense		(77,789)
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Capital Outlays related to subscription-based IT assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which capital outlay exceeded amortization in the current year.

Subscription-Based IT Asset Additions	\$ 81,116	
Prepaid Expense of Subscription-Based IT Assets	(81,116)	
Amortization Expense	<u>(75,202)</u>	(75,202)

In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

163,391

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term debt in the statement of net position. The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases liabilities on the statement of net position.

Issuance of Bonds Payable	\$ (17,155,000)	
Premium on Sale of Bonds	(542,073)	
Repayment of Long-Term Debt	<u>4,718,206</u>	(12,978,867)

Bond premium amortization is a reduction and to interest expense, respectively, as they are amortized over the life of the outstanding bonds using the straight-line method.

715,719

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

Net Change in Long-Term Payroll Liabilities	\$ (246,264)	
Net Change in Long-Term Lease Liability	81,534	
Net Change in Long-Term SBITA Liability	71,988	
Net Change in Interest Payable	<u>29,917</u>	(62,825)

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

Net Change in Net Pension and OPEB Liability	\$ (93,001,205)	
Net Change in Deferred Outflows of Resources	33,573,130	
Net Change in Deferred Inflows of Resources	<u>53,567,569</u>	(5,860,506)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the change in taxes receivable and notes receivable.

Net Change in Taxes Receivable	\$ 201,887	
Net Change in Notes Receivable	<u>(280,000)</u>	(78,113)

An internal service fund is used by the School District's management to charge the cost of health insurance to individual functions. The change in net position of internal service funds reported with governmental activities.

3,880,670

**Change in Net Position of Governmental Activities** **\$ 11,646,110**

The Notes to the Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Statement of Net Position - Proprietary Fund

June 30, 2023 (Summarized Comparative Totals 2022)

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	Internal Service Fund	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 7,493,274	\$ 5,598,228
Accounts Receivable	<u>884,785</u>	<u>14,738</u>
Total Current Assets	<u>\$ 8,378,059</u>	<u>\$ 5,612,966</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 1,612	\$ 328,591
IBNR Claims	<u>1,285,869</u>	<u>2,074,467</u>
Total Current Liabilities	<u>\$ 1,287,481</u>	<u>\$ 2,403,058</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 7,090,578</u>	<u>\$ 3,209,908</u>

The Notes to the Financial Statements are an integral part of this statement.



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

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	Internal Service Fund	
	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Contributions to Self-Insurance	<u>\$ 23,409,721</u>	<u>\$ 21,825,911</u>
<b>OPERATING EXPENSES</b>		
Health Insurance Claims	\$ 17,692,384	\$ 21,151,287
Administrative Fees	<u>1,836,667</u>	<u>2,105,090</u>
Total Operating Expenses	<u>\$ 19,529,051</u>	<u>\$ 23,256,377</u>
Operating Income (Loss)	<u>\$ 3,880,670</u>	<u>\$ (1,430,466)</u>
Net Position - July 1	<u>\$ 3,209,908</u>	<u>\$ 4,640,374</u>
Net Position - June 30	<u>\$ 7,090,578</u>	<u>\$ 3,209,908</u>

The Notes to the Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Internal Service Fund	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from User Charges	\$ 22,539,674	\$21,813,519
Payments for Health Insurance Claims and Administrative Fees	<u>(20,644,628)</u>	<u>(23,089,682)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,895,046</u>	<u>\$ (1,276,163)</u>
Cash and Investments - July 1	<u>\$ 5,598,228</u>	<u>\$ 6,874,391</u>
Cash and Investments - June 30	<u>\$ 7,493,274</u>	<u>\$ 5,598,228</u>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 3,880,670	\$ (1,430,466)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Net Change in Accounts Receivable	(870,047)	(12,392)
Net Change in Accounts Payable	(326,979)	322,228
Net Change in IBNR Claims Payable	<u>(788,598)</u>	<u>(155,533)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,895,046</u>	<u>\$ (1,276,163)</u>

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2023

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Investments	\$ 29,493
Accounts Receivable	800
Total Assets	<u>\$ 30,293</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$ 23,364</u>
<b>NET POSITION</b>	
Restricted	
Funds Held for Other Entities	<u>\$ 6,929</u>

The Notes to the Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION OF THE CITY OF FARGO**  
 Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
 For the Year Ended June 30, 2023

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Miscellaneous Collections	<u>\$ 38,041</u>
<b>DEDUCTIONS</b>	
Miscellaneous Disbursements	<u>\$ 55,849</u>
Net (Decrease) Increase in Fiduciary Net Position	<u>\$ (17,808)</u>
Net Position - Beginning	<u>\$ 24,737</u>
Net Position - Ending	<u>\$ 6,929</u>

The Notes to the Financial Statements are an integral part of this statement.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements  
For the Year Ended June 30, 2023

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the City of Fargo have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

### Reporting Entity

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

Based on these criteria, there is one component unit to be included within the Board of Education of the City of Fargo as a reporting entity as described below.

### Blended Component Unit

This component unit is a legally separate entity, which provides services exclusively to the District.

Fargo School District Building Authority – The Building Authority was created by the School Board as a legally separate entity. Its purpose is to promote the educational system of the District by providing financing for use in altering, repairing, maintaining, or constructing buildings and making improvements connected to school buildings. The School Board, Superintendent, and Business Manager make up the governing board of the Building Authority. The activity of the Building Authority is recorded in the Debt Service and Capital Projects Funds. Financial statements for the component unit may be obtained at the Fargo Public School District Office.

### Basis of Presentation and Basis of Accounting

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

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

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

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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The School District reports the following major governmental funds:

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

*Debt Service Fund* - This fund is used to account for financial resources that are restricted, committed, or assigned for the payment of principal, interest, and fees on outstanding bonds.

*Capital Projects Fund* - This fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities.

Additionally, the School District reports the following fund types:

*Internal Service Fund* - This fund accounts for medical insurance, workers' compensation insurance, and unemployment claims provided to other departments on a cost-reimbursement basis.

*Custodial Fund* - This fund accounts for assets held by the School District in a custodial capacity as an agent on behalf of others.

### Measurement Focus and Basis of Accounting

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

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

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

### Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year-ended June 30, 2022, from which the summarized information was derived.

### Budgets

Based on available financial information and requests by the School Board, the Business Manager prepares the School District budget. The budget is prepared for the General, Special Revenue, Debt Service, and Capital Projects Funds on the modified accrual basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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School District taxes must be levied by the governing board on or before the fifteenth day of August each year. The taxes levied must be certified to the county auditor by August 25<sup>th</sup>. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year, but the certification must be filed with the county auditor by October 10<sup>th</sup>. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

Encumbrance accounting is employed in governmental funds. Encumbrances, which are comprised of purchase orders outstanding at year-end, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated during the subsequent fiscal year.

## Cash and Investments

Cash consists of amounts in demand deposit and money market accounts. Cash investments consist of deposits with a maturity of three months or less.

## Inventories

The District accounts for the inventory of the General and Food Service Funds using the consumption method. Under this method, inventories are initially recorded as assets and the recognition of the expenditure is deferred until the period in which the inventories are consumed. Donated food commodities are reported in the governmental funds as food service commodity inventory when received. Inventories are valued on the average cost basis.

The valuation of food service commodity inventory is established by the USDA and provided to the District. Commodity inventory of \$105,383 was reported as unearned revenue on June 30, 2023.

## Prepaid Expenses

A prepaid expense is an expense paid for in the current accounting period, but for which the underlying asset will not be entirely consumed until a future period. The District accounts for prepayments using the consumption method.

## Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value since the implementation of GASB 72. The costs of normal maintenance and repairs that do not add to the value of the asset or extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is also not capitalized.

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

Buildings and Improvements	
Permanent Buildings	50
Temporary or Wood Structure	10
Equipment and Vehicles	
Playground Equipment	20
Vehicles	
New	15
Used	*
Copy Machines	6
Servers and Computer Hardware	5
Other Equipment	10

\*Useful lives on used vehicles is calculated as 15 years less the (year of manufacture less the year of purchase).

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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### Right-to-Use Assets

Right-to-use assets represent a lessee's authority to utilize a leased item, typically property or equipment, over the duration of an agreed-upon lease term. The lessee is granted the right to obtain an economic benefit from the usage of an asset owned by another entity. This is also referred to as a lease asset.

### Subscription-Based Information Technology Arrangements (SBITA's)

Subscription-based IT arrangements (SBITA's) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets.

### Leases

#### Lessee

The District is a lessee within various lease agreements. The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is then amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- 1) The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- 2) The lease term includes the noncancellable period of the lease.
- 3) Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

#### Lessor

The District is also a lessor within various lease agreements. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of lease receivable, adjusted for lease payments received at or before the lease commencement date. The deferred inflow of resources is then recognized as revenue over the life of the lease term.



# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

Key estimates and judgements include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- 1) The District uses its estimated incremental borrowing rate as the discount rate for leases.
- 2) The lease term includes the noncancellable period of the lease.
- 3) Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## Compensated Absences

### Vacation Leave

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave is granted to all 12-month employees upon termination of employment with the School District based on their current rate of pay. Twelve-month employees may carry forward unused leave not to exceed 5 days, which will be added to the accumulation for the current year. Vacation leave is earned as follows:

SERVICE	HOURS PER BI-WEEKLY PAY PERIOD	DAYS PER YEAR
0 – 11 Months	3.08	10
1 year through 5 years 11 months	4.31	14
6 years through 11 years 11 months	5.23	17
12 years through 14 years 11 months	6.15	20
15 years and above	6.77	22

### Personal Leave

Teachers and OT/PT's (Occupational Therapists and Physical Therapists) will receive three personal days per year which may accumulate to a maximum of six days, prorated to the length of the employee's workday. Other nine/ten-month employees are also entitled to three personal days per year, prorated to the length of the employee's workday, which may accumulate to a maximum of six days. Employees may request payment for unused personal leave; payment will be based on contracted daily hours at their current salary step for each personal day accumulated.

### Sick Leave

Sick leave benefits are provided to all employees who are employed for four or more hours per day. All twelve-month employees receive 15 sick days per year. Teachers, OT/PT's, and all other nine/ten-month employees, receive twelve sick days per year. Sick leave benefits are prorated based on the number of months of employment for employees whose employment starts at other than the normal starting date. Under the prior teacher and OT/PT contracts, two categories of sick leave were established: Legacy Sick Leave and Sick Leave. Any unused accumulated sick leave at the end of the 2010-11 school year was reclassified as Legacy Sick Leave. Employees who were employed before this date may have a balance of Legacy Sick Leave. Legacy Sick Leave benefits could accumulate up to a maximum of 180 days for regular District employees and 246 days for administrators. Sick days taken during the 2011-12 fiscal year and forward will be taken from the Legacy Sick Leave balance first, if available. When the employee's Legacy Sick Leave balance is reduced to zero, the days will then come off their Sick Leave balance. Starting with the 2012-13 contracts, an employee's sick leave will be added to their Sick Leave category, not the Legacy Sick Leave. Any unused sick leave can accumulate year after year with a maximum accumulation of 150 days. Following the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits for regular employees. Teachers and OT/PT's have the option to sell back some or all of their next year's sick leave credit (no more than the number of days to be earned) once they have accumulated a minimum of 65 days. Support staff also have this option once a minimum of 90 days (Legacy Sick Leave and/or Sick Leave combined) has been accumulated. Employees who elect to sell back their coming year's sick leave

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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days, over the 65/90 day minimum, are making an irrevocable election to do so and will be paid for them at 50% of their current daily rate in January of the following year.

## Emergency Leave

Nine/ten-month employees working four or more hours per day, earn two days of emergency leave per year. Teachers working half-time or more also accrue two days of emergency leave per year. Teachers working less than half of the annual employment period shall receive one-half of the allotted emergency leave. Twelve-month employees earn 3 days of emergency leave per year. Emergency leave will accumulate to a maximum of twelve days for all employees.

## **Pensions**

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

## **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position and are paid out of the Capital Projects Fund and General Fund, respectively. Bond premiums and discounts are recognized as long-term and amortized over the life of the bonds. Bond issuance costs are expensed as they incur.

In the fund financial statements, governmental fund types recognize bond premiums/discounts and issuance costs in the current period. The face value amount of the debt is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

## **Fund Balance**

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

**Minimum Fund Balance Policy** - The Board of Education of the City of Fargo established a 10% general fund carryover balance goal several years ago to help with financial stability. It substantially modified that goal to 15% thereafter and has surpassed it since the fiscal year 2001-02. This level provides enough unassigned resources to avoid short-term cash flow borrowing for the District. The unassigned General Fund balance of \$40,285,313 as of June 30, 2023 represents 20.58% of annual General Fund expenditures.

**Non-Spendable Fund Balances** - Non-spendable fund balances consist of inventories.

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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*Committed Fund Balances* - Committed fund balances are amounts that can only be used for specific constraints imposed by formal action of the government's highest decision-making authority, the Board of Directors. Committed fund balances consist of amounts in the Food Service Fund and Student Activity Fund.

*Unassigned Fund Balances* - Unassigned fund balances are reported in the General Fund.

### Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt used to purchase or finance capital assets. The resources needed to repay this related debt must be provided from other sources since the capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

Restrictions of net position, shown in the Statement of Net Position, are due to restricted tax levies and bond indenture requirements for the Capital Projects and Debt Service Funds.

Unrestricted net position is primarily unrestricted amounts related to the General Fund and the large negative balance of the net pension and OPEB liability. It is the portion that is not restricted or reported as net investment in capital assets.

### Interfund Transactions

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

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

### Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA's)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset, an intangible asset, and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITA's that were previously recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, the District recognized a right-to-use subscription asset and subscription liability of \$451,214 as of July 1, 2022, respectively. The additional disclosures required by this standard are included in Notes 5 and 9.

## NOTE 2: DEPOSITS AND INVESTMENTS

### Custodial Credit Risk

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

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

## **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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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, regular 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 the year ended June 30, 2023, the Fargo Public School District's carrying amount of all deposits, (less \$550 in petty cash held at the schools), was \$65,237,503 and the bank balances were \$68,481,525. Of the bank balances, \$67,932,308 was covered by Federal Depository Insurance. The remaining balances are collateralized with securities held by the pledging financial institution's agent in the School District's name.

### **NOTE 3: TAXES RECEIVABLE**

Property taxes are levied as of January 1<sup>st</sup> each year. The property taxes attach as an enforceable lien on the property on January 1<sup>st</sup> and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes due. The first installment is due March 1<sup>st</sup> and the second installment is due October 15<sup>th</sup>. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15<sup>th</sup>. After the October 15<sup>th</sup> due date, the bill becomes delinquent, and penalties are assessed. Taxes receivable as of June 30, 2023, were \$3,582,125.

### **NOTE 4: PREPAID EXPENSES**

The District occasionally prepays health, dental, and vision insurance premiums based on the timing of payroll. There were no prepaid expenses related to these costs during the year; however, the District had prepaid expenses totaling \$81,116 as of June 30, 2023, relating to the contracts of GASB 96 subscriptions entered into during the middle of 2023. These prepaid expenses were related to the fund financial statements, not the government-wide financial statements; however, these subscriptions created SBITA assets on the government-wide financial statements. See Notes 5 and 9 to the financial statements for more information.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

**NOTE 5: CAPITAL/RIGHT-TO-USE/SBITA ASSETS**

The following is a summary of changes in capital/right-to-use/SBITA assets for the year ended June 30, 2023:

	Balance Jul 1	Increases	Decreases	Transfers	Balance Jun 30
<i>Capital assets not being depreciated</i>					
Land	\$ 15,268,098	\$28,822,005	\$8,331,939	\$ -	\$ 35,758,164
Construction in Progress	16,970,746	9,282,043	-	(16,761,391)	9,491,398
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 32,238,844</b>	<b>\$38,104,048</b>	<b>\$8,331,939</b>	<b>\$(16,761,391)</b>	<b>\$ 45,249,562</b>
<i>Capital assets being depreciated</i>					
Buildings and Improvements	\$286,632,388	\$ -	\$ -	\$ 16,761,391	\$303,393,779
Vehicles and Equipment	12,522,450	1,006,402	725,362	-	12,803,490
<b>Total Capital Assets, Being Depreciated</b>	<b>\$299,154,838</b>	<b>\$ 1,006,402</b>	<b>\$ 725,362</b>	<b>\$ 16,761,391</b>	<b>\$316,197,269</b>
<i>Less Accumulated Depreciation for</i>					
Buildings and Improvements	\$ 91,863,021	\$ 6,053,495	\$ -	\$ -	\$ 97,916,516
Vehicles and Equipment	8,062,371	724,573	888,753	-	7,898,191
<b>Total Accumulated Depreciation</b>	<b>\$ 99,925,392</b>	<b>\$ 6,778,068</b>	<b>\$ 888,753</b>	<b>\$ -</b>	<b>\$ 105,814,707</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$199,229,446</b>	<b>\$ (5,771,666)</b>	<b>\$ (163,391)</b>	<b>\$ 16,761,391</b>	<b>\$210,382,562</b>
<b>Capital Assets, Net</b>	<b>\$231,468,290</b>	<b>\$32,332,382</b>	<b>\$8,168,548</b>	<b>\$ -</b>	<b>\$255,632,124</b>

	Balance Jul 1	Increases	Decreases	Transfers	Balance Jun 30
<i>Right-to-use assets being amortized</i>					
Right-to-Use Assets	\$ 463,289	\$ -	\$ -	\$ -	\$ 463,289
<b>Total Right-to-Use Assets, Being Amortized</b>	<b>\$ 463,289</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 463,289</b>
<i>Less Accumulated Amortization for</i>					
Right-to-Use Assets	\$ 171,662	\$ 77,789	\$ -	\$ -	\$ 249,451
<b>Total Right-to-Use Accumulated Amortization</b>	<b>\$ 171,662</b>	<b>\$ 77,789</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 249,451</b>
<b>Total Right-to-Use Assets Being Amortized, Net</b>	<b>\$ 291,627</b>	<b>\$ (77,789)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 213,838</b>

	Balance Jul 1 (As Restated)	Increases	Decreases	Transfers	Balance Jun 30
<i>Right-to-use subscription IT assets being amortized</i>					
SBITA Assets	\$ 451,214	\$ 81,116	\$ -	\$ -	\$ 532,330
<b>Total Subscription IT Assets, Being Amortized</b>	<b>\$ 451,214</b>	<b>\$ 81,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 532,330</b>
<i>Less Accumulated Amortization for</i>					
SBITA Assets	\$ -	\$ 75,202	\$ -	\$ -	\$ 75,202
<b>Total Subscription Accumulated Amortization</b>	<b>\$ -</b>	<b>\$ 75,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,202</b>
<b>Total Subscription IT Assets Being Amortized, Net</b>	<b>\$ 451,214</b>	<b>\$ 5,914</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 457,128</b>
<b>Total Accumulated Amortization</b>	<b>\$ 171,662</b>	<b>\$ 152,991</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 324,653</b>
<b>Total Capital Assets, Right-to-Use Assets, and Subscription IT Assets, Net</b>	<b>\$232,211,131</b>	<b>\$32,260,507</b>	<b>\$8,168,548</b>	<b>\$ -</b>	<b>\$256,303,090</b>

Depreciation and Amortization were charged to the different functions of the School District as follows:

Depreciation and Amortization by Function	Depreciation	Amortization
Regular	\$ 2,853,848	\$ -
Special Instruction	1,025,880	-
Vocational Education	212,537	-
Adult Education	34,305	-
Pupil Services	186,008	-
Instructional Staff Services	154,964	-
General Administration Services	92,724	-
School Administration Services	380,950	-
Business Services	230,121	152,991
Operations and Maintenance	832,739	-
Pupil Transportation Services	91,708	-
Co-Curricular	313,916	-
Food Services Outlay	340,244	-
Community Services	28,124	-
<b>Total Depreciation and Amortization by Function</b>	<b>\$ 6,778,068</b>	<b>\$ 152,991</b>

**BOARD OF EDUCATION OF THE CITY OF FARGO**Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023**NOTE 6: BOND PREMIUM**

The following is a summary of changes in bond premiums for the year ended June 30, 2023:

	<b>Balance July 1</b>	<b>Addition</b>	<b>Bond Premium Amortization</b>	<b>Balance Jun 30</b>
2012 \$24.615M Limited Tax Bond	\$ 67,497	\$ -	\$ 67,497	\$ -
2015 \$9.835M Limited Tax Refunding Bond	70,843	-	12,880	57,963
2015B \$9.750M Limited Tax Refunding Bond	61,914	-	13,759	48,155
2016A \$9.160M Limited Tax Refunding Bond	242,255	-	16,707	225,548
2016B \$14.310M Limited Tax Refunding Bond	782,369	-	312,948	469,421
2017 \$8.795M Limited Tax Refunding Bond	192,097	-	96,049	96,048
2018 \$14.00M Limited Tax Bond	1,418,499	-	85,970	1,332,529
2019 \$18.475M Limited Tax Refunding Bond	600,143	-	57,157	542,986
2020 \$11.205 Limited Tax Bond	912,510	-	49,325	863,185
2022A \$7.920M Limited Tax Bond	130,211	-	3,427	126,784
2023 \$17.155M Limited Tax Bond	-	542,073	-	542,073
<b>Total Bond Premium</b>	<b>\$ 4,478,338</b>	<b>\$ 542,073</b>	<b>\$ 715,719</b>	<b>\$ 4,304,692</b>

**NOTE 7: LEASES (LESSEE)**Loffler Cannon 8595I II

Fargo Public School District entered into an agreement to lease a copier for 60 months, beginning January 11, 2022. The lease terminates January 11, 2027. Under the terms of the lease, the District pays an annual base fee of \$1,997.

As of June 30, 2023, Fargo Public School District recognized a right-to-use asset of \$9,558 and lease liability of \$6,763 related to this agreement. During the fiscal year, the District recorded \$1,912 in amortization expense and \$129 in interest expense for the right to use the copier. The District used a discount rate of 1.50% based on the rate in the agreement.

Power Square 224

Fargo Public School District entered into an agreement to lease a copier for 60 months, beginning July 26, 2021. The lease terminates July 26, 2026. Under the terms of the lease, the District pays an annual base fee of \$7,020.

As of June 30, 2023, Fargo Public School District recognized a right-to-use asset of \$31,657 and lease liability of \$20,170 related to this agreement. During the fiscal year, the District recorded \$6,331 in amortization expense and \$935 in interest expense for the right to use the copier. The District used a discount rate of 3.56% based on the baseline rate provided by the United States State and Local Government Securities table.

120DPS and FFSVR136

Fargo Public School District entered into an agreement to lease a copier for 72 months, beginning February 28, 2020. The lease terminates February 28, 2026. Under the terms of the lease, the District pays a monthly base fee of \$6,426.09.

As of June 30, 2023, Fargo Public School District recognized a right-to-use asset of \$416,053 and lease liability of \$175,527 related to this agreement. During the fiscal year, the District recorded \$69,342 in amortization expense and \$3,734 in interest expense for the right to use the copier. The District used a discount rate of 1.50% based on the rate in the agreement.

Riverwood Park Football Field

Fargo Public School District entered into an agreement to lease a football field for 355 months, beginning April 1, 2007. The lease terminates November 1, 2026, with the option to extend it through November 1, 2036. Under the terms of the lease, the District pays an annual base fee of \$323.47.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

As of June 30, 2023, Fargo Public School District recognized a right-to-use asset of \$6,021 and lease liability of \$3,436 related to this agreement. During the fiscal year, the District recorded \$204 in amortization expense and \$122 in interest expense for the right to use the football field. The District used a discount rate of 3.34% based on the baseline rate provided by the United States State and Local Government Securities table.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	\$ 82,886	\$ 3,567
2025	84,263	2,190
2026	34,384	661
2027	1,805	102
2028	238	85
2029-2033	1,315	303
2034-2037	1,006	73
Total	\$ 205,897	\$ 6,981

## NOTE 8: LEASES (LESSOR)

### 702 Communications

Fargo Public School District entered into an agreement to lease EBS channels for 180 months, beginning October 16, 2018. The lease terminates October 16, 2023, with the option to extend it through October 16, 2033. Under the terms of the lease, the District pays a monthly base fee of \$500.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$50,371 and deferred inflow of resources of \$47,068 related to this agreement. During the fiscal year, the District recorded \$4,592 in lease revenue and \$1,954 in interest revenue for the right to use the channels. The District used a discount rate of 3.59% based on the baseline rate provided by the United States State and Local Government Securities table.

### American Gold Gymnastics

Fargo Public School District entered into an agreement to lease a building for 180 months, beginning July 1, 2015. The lease terminates June 30, 2020, with the option to extend it through June 30, 2030. Under the terms of the lease, the District pays an annual base fee of \$16,373 where the lease rate is adjusted upward on July 1<sup>st</sup> of each year.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$142,124 and deferred inflow of resources of \$108,672 related to this agreement. During the fiscal year, the District recorded \$15,525 in lease revenue and \$5,522 in interest revenue for the right to use the building. The District used a discount rate of 3.51% based on the baseline rate provided by the United States State and Local Government Securities table.

### Compost & Recycling

Fargo Public School District entered into an agreement to lease land/dumpsters for 60 months, beginning April 1, 2018. The lease terminated March 31, 2023. Under the terms of the lease, the District pays an annual base fee of \$6,800.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$0 and deferred inflow of resources of \$0 related to this agreement. During the fiscal year, the District recorded \$5,825 in lease revenue and \$178 in interest revenue for the right to use the land/dumpsters. The District used a discount rate of 3.58% based on the baseline rate provided by the United States State and Local Government Securities table.

### FPS Credit Union

Fargo Public School District entered into an agreement to lease office space for 24 months, beginning July 1, 2021. The lease terminated June 30, 2022, with the option to extend through June 30, 2023. Under the terms of the lease, the District pays a monthly base fee of \$875.

## **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$0 and deferred inflow of resources of \$0 related to this agreement. During the fiscal year, the District recorded \$9,965 in lease revenue and \$361 in interest revenue for the right to use the office space. The District used a discount rate of 3.56% based on the baseline rate provided by the United States State and Local Government Securities table.

### Hiatt Farms

Fargo Public School District entered into an agreement to lease land for 24 months, beginning April 1, 2021. The lease terminated March 31, 2022, with the option to extend through March 31, 2023. Under the terms of the lease, the District pays a biannual base fee of \$5,510 with an increase to \$5,700 for the second payment due in fiscal year 2022.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$0 and deferred inflow of resources of \$0 related to this agreement. During the fiscal year, the District recorded \$8,065 in lease revenue and \$148 in interest revenue for the right to use the classroom space. The District used a discount rate of 3.55% based on the baseline rate provided by the United States State and Local Government Securities table.

### SENDCAA Headstart

Fargo Public School District entered into an agreement to lease classroom space for 60 months, beginning July 1, 2019. The lease terminates June 30, 2024. Under the terms of the lease, the District pays a monthly base fee of \$500 with a \$100/month increase at the beginning of each year.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$10,426 and deferred inflow of resources of \$7,490 related to this agreement. During the fiscal year, the District recorded \$7,490 in lease revenue and \$694 in interest revenue for the right to use the classroom space. The District used a discount rate of 3.59% based on the baseline rate provided by the United States State and Local Government Securities table.

### Spartan Youth Basketball Association (SYBA)

Fargo Public School District entered into an agreement to lease basketball gym space for 36 months, beginning October 1, 2021. The lease terminates September 30, 2024. Under the terms of the lease, the District pays an annual base fee of \$5,000 with a \$500/year increase at the beginning of each lease term.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$5,782 and deferred inflow of resources of \$6,451 related to this agreement. During the fiscal year, the District recorded \$5,161 in lease revenue and \$387 in interest revenue for the right to use the basketball gym space. The District used a discount rate of 3.55% based on the baseline rate provided by the United States State and Local Government Securities table.

### TNT Kids Fitness & Gymnastics

Fargo Public School District entered into an agreement to lease building space for 56 months, beginning November 1, 2021. The lease terminates June 30, 2026. Under the terms of the lease, the District pays a monthly base fee of \$4,500 with a \$200/month increase at the beginning of each year.

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$171,140 and deferred inflow of resources of \$160,603 related to this agreement. During the fiscal year, the District recorded \$53,534 in lease revenue and \$7,801 in interest revenue for the right to use the building space. The District used a discount rate of 3.55% based on the baseline rate provided by the United States State and Local Government Securities table.

### YMCA Gators Swim Team

Fargo Public School District entered into an agreement to lease pool space for 60 months, beginning October 1, 2019. The lease terminates October 1, 2023, with the option to renew through October 1, 2024. Under the terms of the lease, the District pays an annual base fee of \$8,000 with a \$500/year increase at the beginning of each lease term.



# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

As of June 30, 2023, Fargo Public School District recognized a lease receivable of \$19,699 and deferred inflow of resources of \$10,576 related to this agreement. During the fiscal year, the District recorded \$8,461 in lease revenue and \$1,012 in interest revenue for the right to use the pool space. The District used a discount rate of 3.59% based on the baseline rate provided by the United States State and Local Government Securities table.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	\$ 97,270	\$ 14,159
2025	90,785	10,383
2026	84,747	7,481
2027	24,828	4,478
2028	26,403	3,603
2029-2033	74,518	5,675
2034	991	9
Total	\$ 399,542	\$ 45,788

## NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA'S)

### Cisco Voice

Fargo Public School District entered into an agreement for the use of Cisco Voice software for 36 months, beginning January 1, 2023. The subscription terminates January 1, 2026. Under the terms of the subscription, the District pays an annual base fee of \$66,202.

As of June 30, 2023, Fargo Public School District recognized a SBITA asset of \$184,148 and SBITA liability of \$154,766 related to this agreement. During the fiscal year, the District recorded \$30,691 in amortization expense and \$3,720 in interest expense for the right to use these products. The District also recognized a prepaid expense of \$33,101 in the fund financial statements related to this subscription as the District paid for a year worth of subscription in fiscal year 2023 for a term that crossed over fiscal years. The District used a discount rate of 4.04% based on the baseline rate provided by the United States State and Local Government Securities table.

### Cisco Wireless

Fargo Public School District entered into an agreement for the use of Cisco Wireless software for 36 months, beginning January 1, 2023. The subscription terminates January 1, 2026. Under the terms of the subscription, the District pays an annual base fee of \$96,029.

As of June 30, 2023, Fargo Public School District recognized a SBITA asset of \$267,066 and SBITA liability of \$224,459 related to this agreement. During the fiscal year, the District recorded \$44,511 in amortization expense and \$5,408 in interest expense for the right to use these products. The District also recognized a prepaid expense of \$48,015 in the fund financial statements related to this subscription as the District paid for a year worth of subscription in fiscal year 2023 for a term that crossed over fiscal years. The District used a discount rate of 4.05% based on the baseline rate provided by the United States State and Local Government Securities table.

Remaining obligations associated with these subscriptions are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	\$ 146,888	\$ 15,343
2025	152,831	9,400
2026	79,507	1,608
2027	-	-
2028	-	-
2029-2033	-	-
2034-2038	-	-
Total	\$ 379,226	\$ 26,351

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

## NOTE 10: LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in liabilities reported in long-term liabilities:

	Balance Jul 1 (As Restated)	Increases	Decreases	Balance Jun 30	Due Within One Year
Long-Term Bond Premium	\$ 4,478,338	\$ 542,073	\$ 715,719	\$ 4,304,692	\$ 715,719
Long-Term Debt					
General Obligation Bonds Payable <sup>^</sup>	\$ 88,124,371	\$ 17,155,000	\$ 4,417,148	\$ 100,862,223	\$6,420,070
Special Assessments Payable	607,068	-	21,057	586,011	21,989
Building Authority Revenue Bonds Payable	570,000	-	280,000	290,000	290,000
<b>Total Long-Term Debt</b>	<b>\$ 89,301,439</b>	<b>\$ 17,155,000</b>	<b>\$ 4,718,205</b>	<b>\$ 101,738,234</b>	<b>\$6,732,059</b>
Long-Term Payroll Liabilities					
Vacation Payable*	\$ 515,350	\$ -	\$ 13,560	\$ 501,790	\$ -
Unused Personal Leave Payable*	837,932	-	49,101	788,831	-
Legacy Sick Leave Longevity Payable*	441,548	-	95,731	345,817	-
PTO Payable*	376,036	69,374	-	445,410	-
Paid Leave System Payable*	4,861,499	335,282	-	5,196,781	-
<b>Total Long-Term Payroll Liabilities</b>	<b>\$ 7,032,365</b>	<b>\$ 404,656</b>	<b>\$ 158,392</b>	<b>\$ 7,278,629</b>	<b>\$ -</b>
Long-Term Lease Liability	\$ 287,431	\$ -	\$ 81,534	\$ 205,897	\$ 82,886
Long-Term SBITA Liability	\$ 451,214	\$ -	\$ 71,988	\$ 379,226	\$ 146,888
Net Pension and OPEB Liability*	\$ 132,924,077	\$ 93,001,205	\$ -	\$ 225,925,282	\$ -
<b>Total Long-Term Liabilities</b>	<b>\$ 234,474,864</b>	<b>\$ 111,102,934</b>	<b>\$ 5,745,838</b>	<b>\$ 339,831,960</b>	<b>\$ 7,677,552</b>

<sup>^</sup> - During the year-ended June 30, 2023, the District issued \$17,155,000 of General Obligation School Building Bonds, Series 2023, to finance the acquisition and betterment of school sites and facilities, including but not limited to, accommodate a future high school facility. The new bond bears an interest rate of 4.00% to 5.00% and calls for annual principal and semiannual interest payments commencing August 2042.

\* - The change in long-term payroll liabilities & net pension and OPEB liability are shown as net changes because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Debt service requirements on long-term debt as of June 30, 2023, are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Special Assessments Payable		Building Authority Revenue Bonds Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,420,070	\$ 2,919,745	\$ 21,989	\$ 25,564	\$ 290,000	\$ 8,700	\$ 6,732,059	\$ 2,954,009
2025	7,633,020	2,933,892	22,963	24,590	-	-	7,655,983	2,958,482
2026	8,241,001	2,676,236	23,979	23,574	-	-	8,264,980	2,699,810
2027	8,649,011	2,440,326	25,041	22,512	-	-	8,674,052	2,462,838
2028	7,717,051	2,194,649	26,150	21,403	-	-	7,743,201	2,216,052
2029-2033	33,971,930	7,509,097	149,174	88,591	-	-	34,121,104	7,597,688
2034-2038	17,510,140	3,343,131	185,253	52,513	-	-	17,695,393	3,395,644
2039-2043	10,720,000	807,918	131,462	11,195	-	-	10,851,462	819,113
<b>Total</b>	<b>\$ 100,862,223</b>	<b>\$ 24,824,994</b>	<b>\$ 586,011</b>	<b>\$ 269,942</b>	<b>\$ 290,000</b>	<b>\$ 8,700</b>	<b>\$ 101,738,234</b>	<b>\$ 25,103,636</b>

## NOTE 11: DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Deferred inflows of resources on the Balance Sheet represent uncollected taxes receivable and uncollected notes receivable in the fund financial statements for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, uncollected taxes receivable and uncollected notes receivable are measurable but not available. Deferred inflows of resources on the Statement of Net Position represent the changes of assumptions, the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion and differences between District contributions and the proportionate share of contributions. The deferred outflows of resources on the Statement of Net Position represent the differences between expected and actual experience, changes of assumptions, changes in proportion, and differences between District contributions and proportionate share of contributions and the District contributions subsequent to the measurement date.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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Deferred inflows of resources on the Balance Sheet and Statement of Net Position also represent the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. These deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on a straight-line basis over the term of the lease. The District monitors changes in circumstances that would require the remeasurement of leases and its correlating remeasurement of deferred inflows of resources.

## NOTE 12: PENSION PLANS

### General Information about the TFFR Pension Plan

#### **North Dakota Teachers' Fund for Retirement (TFFR)**

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death, and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

#### **Pension Benefits**

For purposes of determining pension benefits, members are classified within one of three categories: Tier 1 Grandfathered, Tier 1 Non-Grandfathered, and Tier 2. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

##### *Tier 1 Grandfathered*

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

##### *Tier 1 Non-Grandfathered*

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65 or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

## **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

### *Tier 2*

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65 or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

### **Death and Disability Benefits**

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

### **Member and Employer Contributions**

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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

As of June 30, 2023, the School District reported a liability of \$155,502,584 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. As of June 30, 2022, the School District's proportion was 10.67973402%, which was an increase of 0.49233502% from its proportion measured as of June 30, 2021.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$9,432,465. As of June 30, 2023, the District 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	\$ 670,126	\$ 4,151,842
Changes of Assumptions	3,161,996	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	11,647,369	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	6,574,719	3,490,306
District Contributions Subsequent to the Measurement Date	11,122,090	-
<b>Total Deferred Outflows and Deferred Inflows</b>	<b>\$ 33,176,300</b>	<b>\$ 7,642,148</b>

\$11,122,090, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

2024	\$ 2,043,121
2025	1,319,650
2026	(717,031)
2027	10,298,512
2028	371,419
Thereafter	1,096,391

**Actuarial Assumptions**

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment Rate of Return	7.25%, net of investment expenses, including inflation
Cost-of-Living Adjustments	None

For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2022, funding actuarial valuation for TFFR.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

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 weighing 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 pension plan’s target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	6.61%
Global Fixed Income	26%	0.35%
Global Real Assets	18%	4.60%
Cash Equivalents	1%	-1.05%

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2022, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

### Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent as of June 30, 2022, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District’s Proportionate Share of the Net Pension Liability	\$ 213,646,293	\$ 155,502,584	\$ 107,279,704

## **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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### **Pension Plan Fiduciary Net Position**

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

### **General Information about the NDPERS Pension Plan**

#### **North Dakota Public Employees Retirement System (NDPERS – Main System)**

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

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

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

#### **Pension Benefits**

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

## 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 percentage of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 8.26% 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

As of June 30, 2023, the School District reported a liability of \$68,133,020 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. As of June 30, 2022, the School District's proportion was 2.365699%, which was an increase of 0.020134% from its proportion measured as of June 20, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$9,407,309. As of June 30, 2023, the following deferred outflows of resources and deferred inflows of resources were reported related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 355,407	\$ 1,301,472
Changes of Assumptions	40,744,959	25,259,619
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	2,493,678	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	722,091	319,794
District Contributions Subsequent to the Measurement Date	2,052,764	-
<b>Total Deferred Outflows and Deferred Inflows</b>	<b>\$ 46,368,899</b>	<b>\$ 26,880,885</b>

\$2,052,764 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.



# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

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

2024	\$	5,076,019
2025		5,704,967
2026		294,533
2027		6,359,731

## Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.50% to 17.75% including inflation
Investment rate of return	5.10%, 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	30%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

## Discount Rate

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal 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 this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents School District’s proportionate share of the net pension liability calculated using the discount rate of 5.10 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

	<b>1% Decrease (4.10%)</b>	<b>Current Discount Rate (5.10%)</b>	<b>1% Increase (6.10%)</b>
School District’s Proportionate Share of the Net Pension Liability	\$ 89,931,806	\$ 68,113,020	\$ 50,238,221

**Pension Plan Fiduciary Net Position**

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

**Aggregation of Pension Plans - Totals for NDTFFR and NDPERS**

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

As of June 30, 2023, the School District reported a liability of \$223,636,290 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2023, the School District recognized pension expense of \$18,839,774. As of June 30, 2023, the following deferred outflows of resources and deferred inflows of resources were reported related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 1,025,533	\$ 5,453,314
Changes of Assumptions	43,906,955	25,259,619
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	14,141,047	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,296,810	3,810,100
District Contributions Subsequent to the Measurement Date	13,174,854	-
<b>Total Deferred Outflows and Deferred Inflows</b>	<b>\$ 79,545,199</b>	<b>\$ 34,523,033</b>

\$13,174,854 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

2024	\$ 7,119,140
2025	7,024,617
2026	(422,498)
2027	16,658,243
2028	371,419
Thereafter	1,096,391

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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### NOTE 13: OTHER POST EMPLOYMENT BENEFITS (OPEB)

#### General Information about the OPEB Plan

##### **North Dakota Public Employees Retirement System (NDPERS)**

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. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. 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 employees, 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.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

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

As of June 30, 2023, the School District reported a liability of \$2,309,678 for its proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District’s proportion of the net OPEB liability was based on the School District’s share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. As of June 30, 2022, the School District’s proportion was 1.923742%, which was a decrease of 0.119088% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$364,465. As of June 30, 2023, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 54,741	\$ 19,857
Changes of Assumptions	581,632	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	310,911	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	44,066	126,566
Employer Contributions Subsequent to the Measurement Date	197,495	-
<b>Total Deferred Outflows and Deferred Inflows</b>	<b>\$ 1,188,845</b>	<b>\$ 146,423</b>

\$197,495 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

2024	\$	222,232
2025		206,113
2026		171,694
2027		244,888

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2022, 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	5.39%, net of investment expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-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.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
 For the Year Ended June 30, 2023

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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	35%	0.50%
International Equities	26%	6.25%

### 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 are 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 School District’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, 2022, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
School District’s Proportionate Share of the Net OPEB Liability	\$ 2,947,409	\$ 2,309,678	\$ 1,773,231

The benefit provided by the North Dakota Retiree Health Insurance Credit fund is a fixed dollar subsidy and is not affected by a healthcare cost trend; therefore, a sensitivity analysis was not performed.

### NOTE 14: POST-RETIREMENT BENEFITS EARLY RETIREMENT AGREEMENT

#### Early Retirement Agreement

The Board of Education of the City of Fargo offers early retirement payments to employees under Administrative Policy 5452 “Longevity Recognition Payment”. Under Administrative Policy 5452, all full-time or part-time benefitted employees are eligible for a one-time payment based on the number of accumulated legacy sick leave days the employee has at the time of their termination of employment. The two criteria required for the payment are:

1. The employee will be eligible to participate in this plan after 15 years of continuous service to the Fargo Public School District in a benefitted position.
2. The employee has been determined eligible for normal retirement benefits as defined by either NDPERS or TFFR. Normal retirement benefits are defined as being age 65 or older or having met the rule of 85 or 90.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

The payment will be computed based on the employee’s number of accumulated legacy sick leave days at the time of termination of employment in the following manner:

1. At 15 years of service, assuming all eligibility criteria have been met, the employee will receive 80% of this payment.
2. For each subsequent year, the payment will increase by 2% through the 25<sup>th</sup> year of service, at which time the employee will receive 100% of this payment.
3. All payments for those with 15 years of service and beyond will be \$50 per legacy sick day.
4. Grandfather Clause: Any benefitted employee who is eligible for full retirement benefits through NDPERS or TFFR as of 7/1/2013 will have payments calculated at the 2013-2014 level of \$200 per day upon retirement from the District.

For the year ended June 30, 2023, the School District had twenty-seven employees who received this benefit at a cost to the School District of \$142,977.

## NOTE 15: RISK MANAGEMENT

The Board of Education of the City of Fargo 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 (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The School District pays an annual premium to NDRIF for its general liability, automobile insurance coverage, and inland marine coverage. The coverage by NDRIF is limited to losses of five million dollars per occurrence for general liability and five million dollars per occurrence for automobile coverage. The mobile contractor’s equipment coverage is limited to losses of \$1,926,926, while computerized business equipment is limited to losses of \$4,167,944. Buildings are limited to losses of \$540,093,255, personal property is limited to losses of \$41,690,337, and band equipment is limited to losses of \$3,053,238.

The State Bonding Fund currently provides the School District with blanket fidelity bond coverage of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The School District has worker’s compensation with the Workforce Safety and Insurance (WSI) and purchases commercial insurance for personal property, buildings, inland marine, and boiler and machinery.

The School District has retained risk for employee health and dental insurance up to a maximum of \$200,000 per year per individual. A stop-loss policy was purchased for amounts in excess of 120% of expected claims.

No reductions in insurance coverage in any major category of risk have occurred and there have been no settlements in excess of insurance coverage in any of the five prior years.

### Incurred But Not Reported (IBNR)

Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$1,285,869. The school district had two plan administrators that calculated this reserve requirement. Health Partners calculated the health insurance reserve requirement, and Delta Dental calculated the dental insurance reserve requirement. Changes in the claim reserve payable during the past two years are as follows:

	2023	2022
Unpaid Claims, July 1	\$ 2,074,467	\$ 2,230,000
Incurred Claims Including IBNR's	17,642,515	21,151,287
Less: Claims Paid	18,431,113	21,306,820
Unpaid Claims, June 30	\$ 1,285,869	\$ 2,074,467

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

## NOTE 16: CONSTRUCTION COMMITMENTS

The School District had five construction projects remaining as of June 30, 2023. At year-end, the District's commitments with contractors were as follows:

Project	Contract	Total Completed	Retainage Payable	Remaining Balance
8-9 Campus	\$ 4,470,980	\$ 1,094,293	\$ -	\$ 3,376,687
Bennett Classroom Remodel	199,483	114,388	-	85,095
Hawthorne Addition	613,070	310,170	-	302,900
North Track	8,594,244	7,890,761	382,596	1,086,079
South Water System	1,527,449	81,786	-	1,445,663
Total	\$ 15,405,226	\$ 9,491,398	\$ 382,596	\$ 6,296,424

## NOTE 17: TRANSFERS

Transfers are used to move revenues from the fund with collection authorization to the Debt Service Funds as principal and interest payments become due, to close out old Debt Service Funds, and to move unrestricted fund revenues to finance various programs the School District must account for in other funds.

Transfers for the School District for fiscal year 2023 are as follows:

Fund	Transfers In	Transfers Out	Transfers In (Out)
General	\$ 350,000	\$ 4,646,080	\$ (4,296,080)
Debt Service	7,490,801	-	7,490,801
Capital Projects	6,000,000	13,186,738	(7,186,738)
Nonmajor	4,342,017	350,000	3,992,017
Total	\$ 18,182,818	\$ 18,182,818	\$ -

## NOTE 18: CONTINGENT LIABILITIES

The School District is a defendant in various lawsuits incident to its operations. In the opinion of the School District Counsel and management, such claims against the District not covered by insurance would not materially affect the financial condition of the School District.

## NOTE 19: TAX ABATEMENTS

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of June 30, 2023, the local governments within Cass County provided tax abatements to individuals and commercial entities in the form of property tax exemptions under the following criteria:

### New and Expanding Business

Under NDCC §40-57.1-03, a municipality may grant a partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements used in or necessary to the operation of a project for a period not exceeding five years from the date of commencement of project operations. A municipality may also grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements used in or necessary to the operation of a project that produces or manufactures a product from agricultural commodities for all or part of the sixth year through the tenth year from the date of commencement of project operations.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2023

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## Charitable Organization

Under NDCC §57-02-08(8), buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to NDCC §23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit may be exempt.

## Single Family Residence

Under NDCC §57-02-08(35), up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time.

## Childhood Service Exemption

Under NDCC §57-02-08(36), the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services or adult daycare may be exempt from taxation.

## Commercial and Residential

Under NDCC §57-02.2-03, improvements to commercial and residential buildings and structures as defined may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements.

The total reduction in property tax revenue due to tax abatements in 2023 is as follows:

New and Expanding Business	\$ 297,979
Charitable Organization	6,820,563
Single Family Residence	672,247
Childhood Service Exemption	232,665
Commercial and Residential	201,698
Total	\$ 8,225,152

## NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Expenditures in Excess of Appropriations

Budget control for the fund is established by its total appropriations. The Debt Service Fund had expenditures exceeding appropriations in the amount of \$18,664 for the year-ended June 30, 2023. These over expenditures were funded by transfers from other funds.

The Capital Projects Fund had expenditures exceeding appropriations in the amount of \$7,926,971 for the year-ended June 30, 2023. These over expenditures were funded by greater than expected other financing sources and existing fund balance.



**SECTION II - B**

**REQUIRED SUPPLEMENTARY INFORMATION**



# BOARD OF EDUCATION OF THE CITY OF FARGO

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget	2022
	Original	Final			
<b>REVENUES</b>					
Property Taxes	\$ 61,667,000	\$ 61,667,000	\$ 61,510,593	\$ (156,407)	\$ 56,220,060
Other Local Sources	4,590,832	4,714,097	5,515,780	801,683	4,280,699
State Sources	106,186,813	106,773,199	107,081,860	308,661	104,388,040
Federal Sources	45,373,765	45,589,569	29,588,638	(16,000,931)	24,551,201
Other Sources	-	-	74,873	74,873	63,993
<b>Total Revenues</b>	<b>\$ 217,818,410</b>	<b>\$ 218,743,865</b>	<b>\$ 203,771,744</b>	<b>\$(14,972,121)</b>	<b>\$ 189,503,993</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>Instruction</b>					
Regular Education	\$ 112,964,615	\$ 113,455,296	\$ 97,204,009	\$ 16,251,287	\$ 91,423,146
Special Education	35,982,205	36,138,584	35,636,742	501,842	33,801,666
Vocational Education	7,586,649	7,619,625	7,394,188	225,437	7,150,256
Adult Education	1,344,084	1,349,974	1,193,463	156,511	1,049,967
<b>Support Services</b>					
Pupil Services	6,535,712	6,564,070	6,471,239	92,831	6,094,962
Instructional Staff Services	5,562,534	5,586,790	5,391,207	195,583	4,924,121
General Administration Services	3,225,034	3,238,944	3,225,874	13,070	3,068,965
School Administration Services	11,594,614	11,644,933	11,176,324	468,609	11,304,089
Business Services	5,177,354	5,199,772	5,136,770	63,002	4,994,852
Operations and Maintenance	16,921,950	16,995,533	16,867,166	128,367	16,904,484
Pupil Transportation Services	3,069,940	3,083,253	3,190,547	(107,294)	2,878,270
Co-Curricular Activities	274,825	276,124	275,537	587	264,502
Community Services	1,180,041	1,185,220	978,519	206,701	1,226,357
Capital Outlay	1,622,743	1,629,637	1,629,637	-	1,696,913
<b>Total Expenditures</b>	<b>\$ 213,042,300</b>	<b>\$ 213,967,755</b>	<b>\$ 195,771,222</b>	<b>\$ 18,196,533</b>	<b>\$ 186,782,550</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,776,110	\$ 4,776,110	\$ 8,000,522	\$ 3,224,412	\$ 2,721,443
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 350,000	\$ 350,000	\$ 350,000	\$ -	\$ 350,000
Transfers Out	(5,126,110)	(5,126,110)	(4,646,080)	480,030	(4,499,862)
Sale of Assets	-	-	95,149	95,149	13,599
<b>Total Other Financing Sources and Uses</b>	<b>\$ (4,776,110)</b>	<b>\$ (4,776,110)</b>	<b>\$ (4,200,931)</b>	<b>\$ 575,179</b>	<b>\$ (4,136,263)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,799,591</b>	<b>\$ 3,799,591</b>	<b>\$ (1,414,820)</b>
Fund Balance - July 1	\$ 37,278,461	\$ 37,278,461	\$ 37,278,461	\$ -	\$ 37,003,651
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ 1,689,630
Fund Balance - July 1	\$ 37,278,461	\$ 37,278,461	\$ 37,278,461	\$ -	\$ 38,693,281
Fund Balance - June 30	\$ 37,278,461	\$ 37,278,461	\$ 41,078,052	\$ 3,799,591	\$ 37,278,461

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

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Schedule of Employer’s Share of Net Pension Liability and Employer Contributions – TFFR  
 For the Year Ended June 30, 2023

**Schedule of Employer’s Share of Net Pension Liability  
 ND Teachers’ Fund for Retirement (TFFR)  
 Last 10 Fiscal Years\***

Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	10.679734%	\$ 155,502,584	\$ 84,040,157	185.03%	67.50%
6/30/2021	10.187399%	107,340,073	78,514,245	136.71%	75.70%
6/30/2020	10.448723%	159,918,062	76,240,219	209.76%	63.40%
6/30/2019	10.362008%	142,711,077	72,692,434	196.32%	65.50%
6/30/2018	10.420065%	138,884,706	70,836,581	196.06%	65.50%
6/30/2017	10.410962%	142,997,249	70,271,012	203.49%	63.20%
6/30/2016	10.626670%	155,686,944	69,044,120	225.49%	59.20%
6/30/2015	10.638990%	139,142,582	65,440,942	212.62%	62.10%
6/30/2014	10.894306%	114,153,013	63,192,777	180.64%	66.60%

**Schedule of Employer Contributions  
 ND Teachers’ Fund for Retirement (TFFR)  
 Last 10 Fiscal Years\***

Fiscal Year Ending	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2023	\$ 11,122,090	\$ 11,122,090	\$ -	\$ 87,232,089	12.75%
6/30/2022	10,715,119	10,715,119	-	84,040,157	12.75%
6/30/2021	10,010,567	10,010,567	-	78,514,245	12.75%
6/30/2020	9,720,703	9,720,703	-	76,240,219	12.75%
6/30/2019	9,268,286	9,268,286	-	72,692,434	12.75%
6/30/2018	9,031,664	9,031,664	-	70,836,581	12.75%
6/30/2017	8,959,554	8,959,554	-	70,271,012	12.75%
6/30/2016	8,803,126	8,803,126	-	69,044,120	12.75%
6/30/2015	8,343,319	8,343,319	-	65,440,942	12.75%

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

\*See Note 4 of the Notes to the Required Supplementary Information.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Schedule of Employer’s Share of Net Pension Liability and Employer Contributions – NDPERS  
 For the Year Ended June 30, 2023

**Schedule of Employer’s Share of Net Pension Liability  
 ND Public Employees Retirement System (NDPERS)  
 Last 10 Fiscal Years\***

Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	2.365699%	\$ 68,113,020	\$ 27,461,900	248.03%	54.47%
6/30/2021	2.345565%	24,447,837	26,560,966	92.04%	78.26%
6/30/2020	2.372609%	74,642,787	26,172,746	285.19%	48.91%
6/30/2019	2.381469%	27,912,540	24,771,329	112.68%	71.66%
6/30/2018	2.285422%	38,568,989	23,478,532	164.27%	62.80%
6/30/2017	2.192320%	35,237,777	22,380,148	157.45%	61.98%
6/30/2016	2.110282%	20,566,755	21,266,660	96.71%	70.46%
6/30/2015	2.148335%	14,608,311	19,139,057	76.33%	77.15%
6/30/2014	2.311911%	14,674,193	19,475,053	75.35%	77.70%

**Schedule of Employer Contributions  
 ND Public Employees Retirement System (NDPERS)  
 Last 10 Fiscal Years\***

Fiscal Year Ending	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2023	\$ 2,052,764	\$ 2,052,764	-	\$ 26,896,409	7.63%
6/30/2022	2,068,348	2,180,223	(111,875)	27,461,900	7.94%
6/30/2021	1,958,754	1,934,245	24,509	26,560,966	7.28%
6/30/2020	1,853,258	1,898,818	(45,560)	26,172,746	7.25%
6/30/2019	1,803,493	1,826,859	(23,366)	24,771,329	7.37%
6/30/2018	1,729,294	1,706,727	22,567	23,478,532	7.27%
6/30/2017	1,622,833	1,618,347	4,486	22,380,148	7.23%
6/30/2016	1,539,672	1,624,198	(84,526)	21,266,660	7.64%
6/30/2015	1,453,765	1,577,824	(124,059)	19,139,057	8.24%

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

\*See Note 4 of the Notes to the Required Supplementary Information.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Schedule of Employer’s Share of Net OPEB Liability and Employer Contributions – OPEB  
 For the Year Ended June 30, 2023

**Schedule of Employer’s Share of Net OPEB Liability  
 ND Public Employees Retirement System (OPEB)  
 Last 10 Fiscal Years\***

Measurement Date	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2022	1.923742%	\$ 2,309,678	\$ 19,860,807	11.63%	56.28%
6/30/2021	2.042830%	1,136,167	22,272,110	5.10%	76.63%
6/30/2020	2.208087%	1,857,437	25,171,541	7.38%	63.38%
6/30/2019	2.219936%	1,783,025	24,771,329	7.20%	63.13%
6/30/2018	2.145693%	1,689,879	23,478,532	7.20%	61.89%
6/30/2017	2.068710%	1,636,372	22,380,148	7.31%	59.78%

**Schedule of Employer Contributions  
 ND Public Employees Retirement System (OPEB)  
 Last 10 Fiscal Years\***

Fiscal Year Ending	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2023	\$ 197,495	\$ 197,495	\$ -	\$ 17,243,918	1.15%
6/30/2022	241,729	250,469	(8,740)	19,860,807	1.26%
6/30/2021	267,828	270,942	(3,114)	22,272,110	1.11%
6/30/2020	295,713	299,567	(3,854)	25,171,541	1.19%
6/30/2019	288,091	292,503	(4,412)	24,771,329	1.18%
6/30/2018	275,390	273,268	2,122	23,478,532	1.16%

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

\*See Note 4 of the Notes to the Required Supplementary Information.

# **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2023

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## **NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

The School District adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

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

- The annual budget must be prepared, and School District taxes must be levied on or before the tenth day of August each year.
- The governing body of the School District may amend its tax levy and budget on or before the tenth day of October each year, but the certification must be filed with the County Auditor within the time limitations as outlined in NDCC section 57-15-31.1.
- Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure program of the District for the current fiscal year and the sources of the revenue from which it is to be financed.
- The operating budget includes proposed expenditures and the means of financing them.
- The School Board of each public School District, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereof at maturity.
- No taxing District may certify any taxes or amend its current budget and no County Auditor may accept a certification of taxes or amended budget after the tenth day of October each year if such certification or amendment results in a change in the amount of tax levied.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

## **NOTE 2: CHANGES OF BENEFIT TERMS**

### **North Dakota Public Employees Retirement System (NDPERS)**

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 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, 2020.

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

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 the Retiree Health Insurance Credit (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.

## **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Required Supplementary Information - Continued  
For the Year Ended June 30, 2023

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### **NOTE 3: CHANGES OF ASSUMPTIONS**

#### **North Dakota Teachers Fund for Retirement (TFFR)**

Amounts reported in 2021 and later reflect the following actuarial assumption changes based on the results of an actuarial experience study dated March 19, 2020.

- Investment return assumption lowered from 7.75% to 7.25%.
- Inflation assumption lowered from 2.75% to 2.30%.
- Individual salary increases were lowered.
- Rates of turnover, retirement and disability were changed to better reflect anticipated future experience.
- The post-retirement health mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019.
- The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.
- The pre-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

Amounts reported in 2016-2020 reflect the following actuarial assumption changes based on the results of an actuarial experience study dated April 30, 2015.

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

#### **North Dakota Public Employees Retirement System (NDPERS)**

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.

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

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 unchanged from the last actuarial valuation as of July 1, 2021.

### **NOTE 4: SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available. Complete data for the OPEB schedules are not available prior to 2017.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Required Supplementary Information - Continued  
For the Year Ended June 30, 2023

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**NOTE 5: LEGAL COMPLIANCE – BUDGETS**

**Budget Amendments**

The School Board amended the District’s budget for 2023 as follows:

<b>REVENUES</b>			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$217,818,410	\$ 925,455	\$218,743,865

<b>EXPENDITURES</b>			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$213,042,300	\$ 925,455	\$213,967,755



**SECTION II - C**

**SUPPLEMENTARY INFORMATION**



## Major Governmental Funds

**General Fund** - The General Fund is the School District's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

**Debt Service Fund** - The Debt Service Fund is used to account for financial resources that are restricted, committed, or assigned for the payment of principal, interest, and fees on outstanding bonds.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Budgetary Comparison Schedule - Debt Service Fund

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget	2022
	Original	Final			
<b>REVENUES</b>					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Debt Service					
Principal	\$ 4,417,200	\$ 4,697,200	\$ 4,697,148	\$ 52	\$ 6,354,256
Interest	2,585,400	2,604,500	2,623,472	(18,972)	2,649,516
Fiscal Charges and Fees	-	5,010	4,754	256	-
Total Expenditures	\$ 7,002,600	\$ 7,306,710	\$ 7,325,374	\$ (18,664)	\$ 9,003,772
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,002,600)	\$ (7,306,710)	\$ (7,325,374)	\$ (18,664)	\$ (9,003,772)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 7,002,600	\$ 7,306,710	\$ 7,490,801	\$ 184,091	\$ 9,003,772
Total Other Financing Sources and Uses	\$ 7,002,600	\$ 7,306,710	\$ 7,490,801	\$ 184,091	\$ 9,003,772
Net Changes in Fund Balances	\$ -	\$ -	\$ 165,427	\$ 165,427	\$ -
Fund Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance - June 30	\$ -	\$ -	\$ 165,427	\$ 165,427	\$ -

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

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Budgetary Comparison Schedule - Capital Projects Fund

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget	2022
	Original	Final			
<b>REVENUES</b>					
Local Sources	\$ 13,570,750	\$ 13,570,750	\$ 14,070,716	\$ 499,966	\$ 12,891,442
<b>EXPENDITURES</b>					
Operations and Maintenance	\$ -	\$ -	\$ 11,791	\$ (11,791)	\$ 1
Capital Outlay	11,589,000	28,722,400	37,173,228	(8,450,828)	3,992,480
Debt Service					
Principal	174,579	174,579	174,579	-	20,164
Interest	27,000	27,000	29,401	(2,401)	27,222
Bond Costs	265,421	287,021	248,938	38,083	333,843
Total Expenditures	\$ 12,056,000	\$ 29,211,000	\$ 37,637,937	\$ (8,426,937)	\$ 4,373,710
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,514,750	\$ (15,640,250)	\$ (23,567,221)	\$ (7,926,971)	\$ 8,517,732
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	\$ -	\$ 17,155,000	\$ 17,155,000	\$ -	\$ 7,920,000
Premium on the Sale of Bonds	-	-	542,073	542,073	130,211
Sale of Land	-	-	8,331,939	8,331,939	-
Gain on Sale of Land	-	-	2,832,859	2,832,859	-
Transfers In	6,000,000	6,000,000	6,000,000	-	6,500,000
Transfers Out	(13,002,600)	(13,002,600)	(13,186,738)	(184,138)	(15,195,970)
Total Other Financing Sources and Uses	\$ (7,002,600)	\$ 10,152,400	\$ 21,675,133	\$ 11,522,733	\$ (645,759)
Net Changes in Fund Balances	\$ (5,487,850)	\$ (5,487,850)	\$ (1,892,088)	\$ 3,595,762	\$ 7,871,973
Fund Balance - July 1	\$ 18,155,915	\$ 18,155,915	\$ 18,155,915	\$ -	\$ 10,283,942
Fund Balance - June 30	\$ 12,668,065	\$ 12,668,065	\$ 16,263,827	\$ 3,595,762	\$ 18,155,915

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

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

**Food Services Fund** – The Food Service Fund is used to account for the food service activities of the School District as required by state and federal law. Financing is provided by local sales to the students for lunch and daily milk programs, along with substantial subsidies from the State of North Dakota and the U.S. Government.

**Student Activities Fund** - The Student Activities Fund is used to account for revenues and expenditures from school-based operations. Revenues are comprised of student fees, gate receipts, and a variety of fundraisers, while expenditures support curricular and extra-curricular student facilities.

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Food Services	Student Activities	Total	
			2023	2022
<b>REVENUES</b>				
Local Sources	\$ 3,420,389	\$ 2,742,882	\$ 6,163,271	\$ 3,861,050
State Sources	68,683	-	68,683	47,539
Federal Sources	4,881,934	-	4,881,934	9,575,936
Other Sources	-	-	-	4
<b>Total Revenues</b>	<b>\$ 8,371,006</b>	<b>\$ 2,742,882</b>	<b>\$ 11,113,888</b>	<b>\$ 13,484,529</b>
<b>EXPENDITURES</b>				
Current				
Food Services Outlay	\$ 8,156,036	\$ -	\$ 8,156,036	\$ 8,030,217
Capital Outlay	-	307,585	307,585	333,682
Co-Curricular Activities	-	6,696,024	6,696,024	6,600,184
<b>Total Expenditures</b>	<b>\$ 8,156,036</b>	<b>\$ 7,003,609</b>	<b>\$ 15,159,645</b>	<b>\$ 14,964,083</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 214,970	\$ (4,260,727)	\$ (4,045,757)	\$ (1,479,554)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 10,224	\$ 4,331,793	\$ 4,342,017	\$ 4,192,060
Transfers Out	(350,000)	-	(350,000)	(350,000)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (339,776)</b>	<b>\$ 4,331,793</b>	<b>\$ 3,992,017</b>	<b>\$ 3,842,060</b>
<b>Net Change in Fund Balances</b>	<b>\$ (124,806)</b>	<b>\$ 71,066</b>	<b>\$ (53,740)</b>	<b>\$ 2,362,506</b>
Fund Balances - July 1	\$ 5,262,471	\$ 1,449,436	\$ 6,711,907	\$ 4,332,649
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ 16,752
Fund Balances - July 1	\$ 5,262,471	\$ 1,449,436	\$ 6,711,907	\$ 4,349,401
Fund Balances - June 30	\$ 5,137,665	\$ 1,520,502	\$ 6,658,167	\$ 6,711,907

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Budgetary Comparison Schedule - Food Services Fund

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget	2022
	Original	Final			
<b>REVENUES</b>					
Local Sources	\$ 3,348,600	\$ 3,348,600	\$ 3,420,389	\$ 71,789	\$ 848,761
State Sources	55,000	55,000	68,683	13,683	47,539
Federal Sources	3,655,750	4,032,415	4,881,934	849,519	9,575,936
Other Sources	-	-	-	-	4
<b>Total Revenues</b>	<b>\$ 7,059,350</b>	<b>\$ 7,436,015</b>	<b>\$ 8,371,006</b>	<b>\$ 934,991</b>	<b>\$ 10,472,240</b>
<b>EXPENDITURES</b>					
Current					
Food Services Outlay	\$ 8,382,320	\$ 8,758,985	\$ 8,156,036	\$ 602,949	\$ 8,030,217
Capital Outlay	-	-	-	-	18,934
<b>Total Expenditures</b>	<b>\$ 8,382,320</b>	<b>\$ 8,758,985</b>	<b>\$ 8,156,036</b>	<b>\$ 602,949</b>	<b>\$ 8,049,151</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (1,322,970)	\$ (1,322,970)	\$ 214,970	\$ 1,537,940	\$ 2,423,089
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 20,000	\$ 20,000	\$ 10,224	\$ (9,776)	\$ 3,169
Transfers Out	(350,000)	(350,000)	(350,000)	-	(350,000)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (330,000)</b>	<b>\$ (330,000)</b>	<b>\$ (339,776)</b>	<b>\$ (9,776)</b>	<b>\$ (346,831)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (1,652,970)</b>	<b>\$ (1,652,970)</b>	<b>\$ (124,806)</b>	<b>\$ 1,528,164</b>	<b>\$ 2,076,258</b>
Fund Balance - July 1	\$ 5,262,471	\$ 5,262,471	\$ 5,262,471	\$ -	\$ 3,172,775
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ 13,438
Fund Balance - July 1	\$ 5,262,471	\$ 5,262,471	\$ 5,262,471	\$ -	\$ 3,186,213
Fund Balance - June 30	\$ 3,609,501	\$ 3,609,501	\$ 5,137,665	\$ 1,528,164	\$ 5,262,471

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

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Budgetary Comparison Schedule - Student Activities Fund

For the Year Ended June 30, 2023 (Summarized Comparative Totals 2022)

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget	2022
	Original	Final			
<b>REVENUES</b>					
Local Sources	\$ 1,390,769	\$ 1,390,769	\$ 2,742,882	\$ 1,352,113	\$ 3,012,289
<b>EXPENDITURES</b>					
Current					
Co-Curricular Activities	\$ 5,870,184	\$ 5,870,184	\$ 6,696,024	\$ (825,840)	\$ 6,600,184
Capital Outlay	307,585	307,585	307,585	-	314,748
Total Expenditures	\$ 6,177,769	\$ 6,177,769	\$ 7,003,609	\$ (825,840)	\$ 6,914,932
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,787,000)	\$ (4,787,000)	\$ (4,260,727)	\$ 526,273	\$ (3,902,643)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 4,787,000	\$ 4,787,000	\$ 4,331,793	\$ (455,207)	\$ 4,188,891
Total Other Financing Sources and Uses	\$ 4,787,000	\$ 4,787,000	\$ 4,331,793	\$ (455,207)	\$ 4,188,891
Net Changes in Fund Balances	\$ -	\$ -	\$ 71,066	\$ 71,066	\$ 286,248
Fund Balance - July 1	\$ 1,449,436	\$ 1,449,436	\$ 1,449,436	\$ -	\$ 1,159,874
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ 3,314
Fund Balance - July 1	\$ 1,449,436	\$ 1,449,436	\$ 1,449,436	\$ -	\$ 1,163,188
Fund Balance - June 30	\$ 1,449,436	\$ 1,449,436	\$ 1,520,502	\$ 71,066	\$ 1,449,436

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



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Comparative Balance Sheet - General Fund

June 30, 2023 (Summarized Comparative Totals 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Investments	\$ 32,968,054	\$ 32,836,328
Accounts Receivable	184,776	886,877
Taxes Receivable	2,941,714	2,775,920
Intergovernmental Receivable	10,290,220	7,915,334
Lease Receivable	399,542	500,020
Due from County Treasurer	137,219	905,118
Notes Receivable	290,000	570,000
Prepaid Expenses	81,116	-
Inventories	711,623	660,004
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$48,004,264</u>	<u>\$47,049,601</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$ 2,245,844	\$ 61,249
Salaries and Benefits Payable	1,013,667	5,676,947
Due to Other Agencies	94,127	162,244
Contracts Payable	-	24,760
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$ 3,353,638</u>	<u>\$ 5,925,200</u>
 Deferred Inflows of Resources		
Uncollected Taxes Receivable	\$ 2,941,714	\$ 2,775,920
Uncollected Notes Receivable	290,000	570,000
Deferred Inflows of Resources - Leases	340,860	500,020
	<u>                    </u>	<u>                    </u>
Total Deferred Inflows of Resources	<u>\$ 3,572,574</u>	<u>\$ 3,845,940</u>
 Total Liabilities and Deferred Inflows of Resources		
	<u>\$ 6,926,212</u>	<u>\$ 9,771,140</u>
 Fund Balances		
Non-Spendable		
Inventory	\$ 711,623	\$ 660,004
Prepaid Expenses	81,116	-
Unassigned	40,285,313	36,618,457
	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$48,004,264</u>	<u>\$47,049,601</u>

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Comparative Balance Sheet – Debt Service Fund  
June 30, 2023 (Summarized Comparative Totals 2022)

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	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Investments	<u>\$ 165,427</u>	<u>\$ -</u>
 <b>FUND BALANCES</b>		
Restricted		
Debt Service	<u>\$ 165,427</u>	<u>\$ -</u>

**BOARD OF EDUCATION OF THE CITY OF FARGO**Comparative Balance Sheet - Capital Project Fund  
June 30, 2023 (Summarized Comparative Totals 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Investments	\$ 17,682,356	\$ 18,029,006
Accounts Receivable	6,495	-
Taxes Receivable	640,411	604,318
Lease Receivable	-	12,174
Due from County Treasurer	29,873	197,044
Notes Receivable	<u>1,620,000</u>	<u>1,620,000</u>
 Total Assets	 <u>\$ 19,979,135</u>	 <u>\$ 20,462,542</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$ 1,072,301	\$ 4,034
Contracts Payable	<u>382,596</u>	<u>66,101</u>
 Total Liabilities	 <u>\$ 1,454,897</u>	 <u>\$ 70,135</u>
 Deferred Inflows of Resources		
Uncollected Taxes Receivable	\$ 640,411	\$ 604,318
Uncollected Notes Receivable	1,620,000	1,620,000
Deferred Inflows of Resources - Leases	<u>-</u>	<u>12,174</u>
 Total Deferred Inflows of Resources	 <u>\$ 2,260,411</u>	 <u>\$ 2,236,492</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 3,715,308</u>	 <u>\$ 2,306,627</u>
 Fund Balances		
Restricted		
Capital Projects	<u>\$ 16,263,827</u>	<u>\$ 18,155,915</u>
 Total Liabilities and Fund Balances	 <u>\$ 19,979,135</u>	 <u>\$ 20,462,542</u>

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2023 (Summarized Comparative Totals 2022)

	Food Services	Student Activities	Total	
			2023	2022
<b>ASSETS</b>				
Cash and Investments	\$ 5,299,879	\$ 1,599,571	\$ 6,899,450	\$ 6,836,692
Accounts Receivable	7,138	18,207	25,345	64,055
Intergovernmental Receivable	34,197	10,288	44,485	33,442
Inventories	150,833	-	150,833	203,978
<b>Total Assets</b>	<b>\$ 5,492,047</b>	<b>\$ 1,628,066</b>	<b>\$ 7,120,113</b>	<b>\$ 7,138,167</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 52,300	\$ 87,717	\$ 140,017	\$ 20,481
Salaries and Benefits Payable	7,288	19,847	27,135	-
Contracts Payable	-	-	-	608
Unearned Revenue - Food Service Commodity Inventory	105,383	-	105,383	126,393
Unearned Revenue - Food Service Lunch Credits	189,411	-	189,411	278,778
<b>Total Liabilities</b>	<b>\$ 354,382</b>	<b>\$ 107,564</b>	<b>\$ 461,946</b>	<b>\$ 426,260</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 354,382</b>	<b>\$ 107,564</b>	<b>\$ 461,946</b>	<b>\$ 426,260</b>
Fund Balances				
Non-Spendable				
Inventories	\$ 150,833	\$ -	\$ 150,833	\$ 203,978
Committed				
Special Revenue	4,986,832	1,520,502	6,507,334	6,507,929
<b>Total Fund Balances</b>	<b>\$ 5,137,665</b>	<b>\$ 1,520,502</b>	<b>\$ 6,658,167</b>	<b>\$ 6,711,907</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,492,047</b>	<b>\$ 1,628,066</b>	<b>\$ 7,120,113</b>	<b>\$ 7,138,167</b>

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of Fund Activity

For the Year Ended June 30, 2023

	Balance 7/1/2022	Revenue	Transfers In	Other Financing Sources	Expenditures	Transfers Out	Other Financing Uses	Balance 6/30/2023
<b>Major Funds</b>								
General Fund - Fund 10	\$ 37,278,461	\$ 203,771,744	\$ 350,000	\$ 95,149	\$ 195,771,222	\$ 4,646,080	\$ -	\$ 41,078,052
<b>Debt Service Funds</b>								
Debt Service - Fund 40	\$ -	\$ -	\$ 7,186,738	\$ -	\$ 7,021,311	\$ -	\$ -	\$ 165,427
Building Authority - Fund 49	-	-	304,063	-	304,063	-	-	-
Total Debt Service Funds	\$ -	\$ -	\$ 7,490,801	\$ -	\$ 7,325,374	\$ -	\$ -	\$ 165,427
<b>Capital Projects Fund</b>								
CP/SA/SL - Funds 30-39	\$ 18,155,915	\$ 14,070,716	\$ 6,000,000	\$ 28,861,871	\$ 37,637,937	\$ 13,186,738	\$ -	\$ 16,263,827
Total Major Funds	\$ 55,434,376	\$ 217,842,460	\$ 13,840,801	\$ 28,957,020	\$ 240,734,533	\$ 17,832,818	\$ -	\$ 57,507,306
<b>Non-Major Funds</b>								
<b>Special Revenue Funds</b>								
Food Services - Fund 50	\$ 5,262,471	\$ 8,371,006	\$ 10,224	\$ -	\$ 8,156,036	\$ 350,000	\$ -	\$ 5,137,665
Student Activities - Funds 60-61	1,449,436	2,742,882	4,331,793	-	7,003,609	-	-	1,520,502
Total Special Revenue Funds	\$ 6,711,907	\$ 11,113,888	\$ 4,342,017	\$ -	\$ 15,159,645	\$ 350,000	\$ -	\$ 6,658,167
Total Governmental Funds	\$ 62,146,283	\$ 228,956,348	\$ 18,182,818	\$ 28,957,020	\$ 255,894,178	\$ 18,182,818	\$ -	\$ 64,165,473
<b>Internal Service Fund</b>								
Health Insurance - Fund 80	\$ 3,209,908	\$ 23,409,721	\$ -	\$ -	\$ 19,529,051	\$ -	\$ -	\$ 7,090,578
Total Internal Service Fund	\$ 3,209,908	\$ 23,409,721	\$ -	\$ -	\$ 19,529,051	\$ -	\$ -	\$ 7,090,578
<b>Fiduciary Funds</b>								
Custodial - Fund 70	\$ 24,737	\$ 38,041	\$ -	\$ -	\$ 55,849	\$ -	\$ -	\$ 6,929
Total Custodial Funds	\$ 24,737	\$ 38,041	\$ -	\$ -	\$ 55,849	\$ -	\$ -	\$ 6,929
Total All Funds	\$ 65,380,928	\$ 252,404,110	\$ 18,182,818	\$ 28,957,020	\$ 275,479,078	\$ 18,182,818	\$ -	\$ 71,262,980

**SECTION III**  
**STATISTICAL SECTION**



## STATISTICAL SECTION

This section of the Board of Education of the City of Fargo's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding of what the information in the financial statements, note disclosures, and required supplementary information shows about the School District's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report (ACFR) for the relevant year.

# FINANCIAL TRENDS





**BOARD OF EDUCATION OF THE CITY OF FARGO**  
**Summary of Net Position – Governmental Activities**  
**Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<i>Governmental Activities:</i>										
Net Investment in Capital Assets	\$ 150,765,060	\$ 138,299,778	\$ 138,687,072	\$ 131,073,353	\$ 112,719,539	\$ 113,894,583	\$ 108,609,580	\$ 99,532,931	\$ 87,030,071	\$ 76,201,594
Restricted For:										
Capital Projects	16,904,238	18,760,233	10,783,055	11,861,356	16,073,740	7,604,036	8,381,613	14,170,677	21,644,544	30,315,313
Debt Service	165,427	-	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25	13
Unrestricted	(129,769,542)	(130,640,938)	(137,085,534)	(124,230,429)	(114,920,127)	(105,983,839)	(98,526,840)	(93,917,717)	(96,417,167)	37,608,961
<b>Total Net Position</b>	<b>\$ 38,065,183</b>	<b>\$ 26,419,073</b>	<b>\$ 12,384,593</b>	<b>\$ 18,704,283</b>	<b>\$ 20,117,426</b>	<b>\$ 21,677,620</b>	<b>\$ 24,553,378</b>	<b>\$ 25,785,829</b>	<b>\$ 12,257,473</b>	<b>\$ 144,125,881</b>

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**  
**Schedule of Changes in Net Position – Government-Wide**  
**Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Revenues:</b>										
<b>Taxes</b>										
Property Taxes - Levied for General Purposes	\$ 59,759,099	\$ 54,885,487	\$ 51,966,845	\$ 49,974,667	\$ 47,864,783	\$ 45,117,526	\$ 42,618,543	\$ 42,408,433	\$ 38,586,475	\$ 38,743,028
Property Taxes - Levied for Debt Purposes	13,009,553	12,198,836	11,517,401	11,067,970	10,173,665	9,733,081	9,148,119	8,329,676	7,175,474	7,200,509
Other Tax Revenue	2,192,187	1,819,457	1,767,015	2,039,627	2,312,399	1,940,645	2,050,727	1,985,473	1,996,429	927,145
State Aid Not Restricted to Specific Program										
Per Pupil Aid	102,139,533	99,386,242	101,237,015	99,467,809	98,557,816	98,991,852	99,530,131	95,587,318	92,225,769	88,823,659
Gain on Sale of Land	2,832,859	-	-	-	-	-	-	-	-	-
Interest Income and Other Revenue	925,831	1,809,281	2,293,467	2,092,352	1,537,030	1,301,310	199,755	398,845	329,467	451,553
<b>Total General Revenues</b>	<b>\$ 180,859,062</b>	<b>\$ 170,099,303</b>	<b>\$ 168,781,743</b>	<b>\$ 164,642,425</b>	<b>\$ 160,445,693</b>	<b>\$ 157,084,414</b>	<b>\$ 153,547,275</b>	<b>\$ 148,709,745</b>	<b>\$ 140,313,614</b>	<b>\$ 136,145,894</b>
<b>Program Revenues:</b>										
<b>Charges for Services</b>										
Instruction	\$ 1,570,928	\$ 1,510,608	\$ 1,261,190	\$ 1,417,673	\$ 1,154,582	\$ 1,302,438	\$ 2,103,962	\$ 3,356,355	\$ 2,964,036	\$ 2,825,921
Support Services	6,961,296	4,992,241	3,564,508	3,980,818	5,600,488	5,474,993	4,564,841	4,237,716	4,466,828	4,584,035
<b>Operating Grants and Contributions</b>										
Instruction	30,781,049	28,539,910	23,404,568	14,836,872	12,842,416	11,194,394	11,238,277	11,117,730	10,088,989	9,188,590
Support Services	7,073,649	11,918,081	8,447,394	4,863,015	4,657,448	4,298,828	4,138,278	3,874,713	3,617,667	3,408,340
<b>Capital Grants and Contributions</b>										
Instruction	-	-	-	22,000	-	-	-	-	-	-
Support Services	-	106,566	915,093	936,500	1,221,250	-	-	-	-	-
<b>Total Program Revenues</b>	<b>\$ 46,386,922</b>	<b>\$ 47,067,406</b>	<b>\$ 37,592,753</b>	<b>\$ 26,056,878</b>	<b>\$ 25,476,184</b>	<b>\$ 22,270,653</b>	<b>\$ 22,045,358</b>	<b>\$ 22,586,514</b>	<b>\$ 21,137,520</b>	<b>\$ 20,006,886</b>
<b>Total Revenues</b>	<b>\$ 227,245,984</b>	<b>\$ 217,166,709</b>	<b>\$ 206,374,496</b>	<b>\$ 190,699,303</b>	<b>\$ 185,921,877</b>	<b>\$ 179,355,067</b>	<b>\$ 175,592,633</b>	<b>\$ 171,296,259</b>	<b>\$ 161,451,134</b>	<b>\$ 156,152,780</b>
<b>Expenses:</b>										
<b>Instruction</b>										
Regular Education	\$ 58,488,449	\$ 92,730,017	\$ 96,292,559	\$ 82,480,926	\$ 80,437,383	\$ 76,422,915	\$ 78,831,323	\$ 69,680,694	\$ 70,448,417	\$ 64,270,614
Special Education	37,039,094	34,268,813	36,092,896	33,500,437	31,522,956	28,747,433	27,080,262	23,929,574	23,254,151	20,994,685
Vocational Education	7,713,706	7,232,123	7,276,690	6,686,938	6,291,560	5,922,346	6,488,074	5,266,246	5,371,488	5,163,110
Adult Education	1,205,609	1,086,164	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757
<b>Support Services</b>										
Pupil Services	6,720,296	6,181,608	5,914,521	5,791,352	5,361,161	4,965,987	4,631,619	4,463,743	4,309,492	3,854,953
Instructional Staff Services	5,629,274	5,011,561	5,743,601	5,474,206	5,257,744	4,838,220	5,265,195	4,808,464	5,118,405	4,727,433
General Administration Services	3,380,837	3,092,448	3,243,108	3,825,675	3,812,118	3,096,857	3,641,029	3,253,138	2,971,883	3,364,514
School Administration Services	11,655,098	11,503,836	12,810,030	11,532,962	11,042,831	11,661,313	11,009,330	9,917,016	9,916,374	9,429,199
Business Services	5,386,024	4,640,293	5,187,818	4,929,666	4,873,040	5,369,281	5,264,611	4,727,200	3,217,322	2,909,258
Operations and Maintenance	17,035,928	15,127,100	19,020,338	18,139,904	17,324,802	20,404,100	16,791,601	14,842,032	16,306,669	17,700,607
Pupil Transportation Services	3,345,150	2,936,339	2,991,426	2,476,412	2,697,027	2,461,717	2,515,821	2,160,375	2,320,569	2,356,975
Co-Curricular	7,267,313	7,069,152	6,633,570	5,827,392	7,209,485	5,750,730	4,378,169	4,185,324	4,123,652	4,722,500
Food Services Outlay	8,357,590	8,224,383	7,331,939	7,447,411	7,237,490	6,921,487	6,556,433	5,560,030	6,338,682	6,145,933
Community Services	988,477	1,227,476	780,709	96,642	95,378	91,079	94,552	262,213	293,853	284,287
Capital Outlay	39,110,450	2,030,595	-	-	-	-	-	-	-	-
Interest and Charges on Long-Term Debt	2,276,579	2,381,346	2,234,844	2,815,047	3,359,553	3,022,188	3,341,347	3,842,437	3,914,570	3,289,537
<b>Total Expenses</b>	<b>\$ 215,599,874</b>	<b>\$ 204,743,254</b>	<b>\$ 212,695,030</b>	<b>\$ 192,112,446</b>	<b>\$ 187,482,071</b>	<b>\$ 180,588,258</b>	<b>\$ 176,825,084</b>	<b>\$ 157,767,903</b>	<b>\$ 158,647,485</b>	<b>\$ 149,853,362</b>
<b>Change in Net Position</b>	<b>\$ 11,646,110</b>	<b>\$ 12,423,455</b>	<b>\$ (6,320,534)</b>	<b>\$ (1,413,143)</b>	<b>\$ (1,560,194)</b>	<b>\$ (1,233,191)</b>	<b>\$ (1,232,451)</b>	<b>\$ 13,528,356</b>	<b>\$ 2,803,649</b>	<b>\$ 6,299,418</b>
<b>Net Position - July 1</b>	<b>\$ 26,419,073</b>	<b>\$ 12,384,593</b>	<b>\$ 18,704,283</b>	<b>\$ 20,117,426</b>	<b>\$ 21,677,620</b>	<b>\$ 24,553,378</b>	<b>\$ 25,785,829</b>	<b>\$ 12,257,473</b>	<b>\$ 144,125,881</b>	<b>\$ 137,826,463</b>
<b>Prior Period Adjustment</b>	<b>\$ -</b>	<b>\$ 1,611,025</b>	<b>\$ 844</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,642,567)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (134,672,057)</b>	<b>\$ -</b>
<b>Net Position - July 1</b>	<b>\$ 26,419,073</b>	<b>\$ 13,995,618</b>	<b>\$ 18,705,127</b>	<b>\$ 20,117,426</b>	<b>\$ 21,677,620</b>	<b>\$ 22,910,811</b>	<b>\$ 25,785,829</b>	<b>\$ 12,257,473</b>	<b>\$ 9,453,824</b>	<b>\$ 137,826,463</b>
<b>Net Position - June 30</b>	<b>\$ 38,065,183</b>	<b>\$ 26,419,073</b>	<b>\$ 12,384,593</b>	<b>\$ 18,704,283</b>	<b>\$ 20,117,426</b>	<b>\$ 21,677,620</b>	<b>\$ 24,553,378</b>	<b>\$ 25,785,829</b>	<b>\$ 12,257,473</b>	<b>\$ 144,125,881</b>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

Summary of General Fund Revenue by Source  
Last Ten Fiscal Years

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<b>Year Ended June 30,</b>	<b>Local Sources</b>	<b>State Sources</b>	<b>Federal Sources</b>	<b>Other Sources</b>	<b>Total</b>
2014	\$ 44,340,553	\$ 91,190,111	\$ 7,499,358	\$ 226,615	\$143,256,637
2015	44,429,346	94,885,888	8,141,404	210,875	147,667,513
2016	48,523,931	99,398,412	7,793,909	185,428	155,901,680
2017	47,575,470	103,024,346	8,428,084	26,470	159,054,370
2018	49,494,266	102,407,881	8,647,044	123,074	160,672,265
2019	52,715,159	102,695,246	9,716,163	12,872	165,139,440
2020	55,665,836	103,628,183	11,744,065	2,800	171,040,884
2021	59,840,738	105,424,508	19,809,551	43,393	185,118,190
2022	60,500,759	104,388,040	24,551,201	63,993	189,503,993
2023	67,026,373	107,081,860	29,588,638	74,873	203,771,744

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Summary of General Fund Expenditures by Function

Last Ten Fiscal Years

Year Ended June 30,	Instruction				Support Services			
	Regular Education	Special Education	Vocational Education	Adult Education	Pupil Services	Instructional Staff Services	General Administration Services	School Administration Services
2014	\$ 64,708,323	\$ 21,050,947	\$ 5,158,907	\$ 655,834	\$ 3,985,241	\$ 4,942,322	\$ 2,373,137	\$ 9,238,871
2015	68,965,147	22,724,862	5,219,095	757,214	4,243,820	4,981,551	2,461,995	9,652,255
2016	70,810,878	24,420,358	5,426,695	886,606	4,410,997	4,975,739	2,618,431	10,078,238
2017	73,095,302	25,215,023	5,966,993	849,895	4,377,276	4,895,252	2,786,378	10,214,991
2018	72,427,801	27,382,094	5,700,296	861,503	4,742,513	4,615,325	3,150,824	10,134,016
2019	75,053,916	29,646,194	5,866,650	895,352	5,094,390	4,942,728	3,010,838	10,282,923
2020	76,724,605	31,233,539	6,112,140	1,005,564	5,377,440	5,091,269	2,780,230	10,918,187
2021	85,998,712	32,239,016	6,499,733	1,019,470	5,283,342	5,130,713	2,897,225	11,390,159
2022	91,423,146	33,801,666	7,150,256	1,049,967	6,094,962	4,924,121	3,068,965	11,304,089
2023	97,204,009	35,636,742	7,394,188	1,193,463	6,471,239	5,391,207	3,225,874	11,176,324

Year Ended June 30,	Support Services						Capital Outlay	Total
	Business Services	Operations and Maintenance	Pupil Transportation Services	Co-Curricular Activities	Community Services			
2014	\$ 2,970,763	\$ 17,357,834	\$ 2,286,381	\$ 247,410	\$ 274,508	\$ -	\$ 132,279,715	
2015	3,169,752	15,819,734	2,247,814	217,573	289,205	33,595	137,613,860	
2016	4,897,258	16,226,326	2,209,448	230,387	266,967	-	142,561,070	
2017	4,926,683	15,249,635	2,344,675	240,863	88,124	-	145,324,407	
2018	4,885,816	17,024,384	2,407,839	242,261	89,329	-	148,778,185	
2019	4,582,477	16,238,223	2,539,251	251,452	89,801	-	153,911,718	
2020	4,540,771	15,897,575	2,310,011	255,425	90,156	-	157,796,141	
2021	4,792,419	17,257,790	2,671,883	261,580	697,159	-	171,346,782	
2022	4,994,852	16,904,484	2,878,270	264,502	1,226,357	1,696,913	186,782,550	
2023	5,136,770	16,867,166	3,190,547	275,537	978,519	1,629,637	195,771,222	

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of District Revenues by Source – Government-Wide

### Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Local Sources</u>										
Property Taxes	\$ 72,768,652	\$ 67,084,323	\$ 63,484,246	\$ 61,042,637	\$ 58,038,448	\$ 54,850,607	\$ 51,766,662	\$ 50,738,109	\$ 45,761,949	\$ 45,943,537
Charges for Services	8,532,224	6,502,849	4,825,698	5,398,491	6,755,070	6,777,431	6,668,803	7,594,071	7,430,864	7,409,956
Other Tax Revenue	2,192,187	1,819,457	1,767,015	2,039,627	2,312,399	1,940,645	2,050,727	1,985,473	1,996,429	927,145
Capital Grants and Contributions	-	106,566	915,093	958,500	1,221,250	-	-	-	-	-
<b>Total Local Sources</b>	<b>\$ 83,493,063</b>	<b>\$ 75,513,195</b>	<b>\$ 70,992,052</b>	<b>\$ 69,439,255</b>	<b>\$ 68,327,167</b>	<b>\$ 63,568,683</b>	<b>\$ 60,486,192</b>	<b>\$ 60,317,653</b>	<b>\$ 55,189,242</b>	<b>\$ 54,280,638</b>
<u>State Sources</u>										
Per Pupil Aid	\$ 102,139,533	\$ 99,386,242	\$ 101,237,015	\$ 99,467,809	\$ 98,557,816	\$ 98,991,852	\$ 99,530,131	\$ 95,587,318	\$ 92,225,769	\$ 88,823,659
<u>Federal Sources</u>										
Operating Grants and Contributions	\$ 37,854,698	\$ 40,457,991	\$ 31,851,962	\$ 19,699,887	\$ 17,499,864	\$ 15,493,222	\$ 15,376,555	\$ 14,992,443	\$ 13,706,656	\$ 12,596,930
Gain on Sale of Land	\$ 2,832,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income and Other Revenue	\$ 925,831	\$ 1,809,281	\$ 2,293,467	\$ 2,092,352	\$ 1,537,030	\$ 1,301,310	\$ 199,755	\$ 398,845	\$ 329,467	\$ 451,553
<b>Total Revenues</b>	<b>\$ 227,245,984</b>	<b>\$ 217,166,709</b>	<b>\$ 206,374,496</b>	<b>\$ 190,699,303</b>	<b>\$ 185,921,877</b>	<b>\$ 179,355,067</b>	<b>\$ 175,592,633</b>	<b>\$ 171,296,259</b>	<b>\$ 161,451,134</b>	<b>\$ 156,152,780</b>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of District Expenses by Function – Government-Wide

### Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Instruction:</b>										
Regular Education	\$ 58,488,449	\$ 92,730,017	\$ 96,292,559	\$ 82,480,926	\$ 80,437,383	\$ 76,422,915	\$ 78,831,323	\$ 69,680,694	\$ 70,448,417	\$ 64,270,614
Special Education	37,039,094	34,268,813	36,092,896	33,500,437	31,522,956	28,747,433	27,080,262	23,929,574	23,254,151	20,994,685
Vocational Education	7,713,706	7,232,123	7,276,690	6,686,938	6,291,560	5,922,346	6,488,074	5,266,246	5,371,488	5,163,110
Adult Education	1,205,609	1,086,164	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757
<b>Total Instruction</b>	<b>\$ 104,446,858</b>	<b>\$ 135,317,117</b>	<b>\$ 140,803,126</b>	<b>\$ 123,755,777</b>	<b>\$ 119,211,442</b>	<b>\$ 112,005,299</b>	<b>\$ 113,335,377</b>	<b>\$ 99,745,931</b>	<b>\$ 99,816,014</b>	<b>\$ 91,068,166</b>
<b>Supporting Services:</b>										
Pupil Services	\$ 6,720,296	\$ 6,181,608	\$ 5,914,521	\$ 5,791,352	5,361,161	\$ 4,965,987	\$ 4,631,619	\$ 4,463,743	\$ 4,309,492	\$ 3,854,953
Instructional Staff Services	5,629,274	5,011,561	5,743,601	5,474,206	5,257,744	4,838,220	5,265,195	4,808,464	5,118,405	4,727,433
General Administrative Services	3,380,837	3,092,448	3,243,108	3,825,675	3,812,118	3,096,857	3,641,029	3,253,138	2,971,883	3,364,514
School Administrative Services	11,655,098	11,503,836	12,810,030	11,532,962	11,042,831	11,661,313	11,009,330	9,917,016	9,916,374	9,429,199
Business Services	5,386,024	4,640,293	5,187,818	4,929,666	4,873,040	5,369,281	5,264,611	4,727,200	3,217,322	2,909,258
Operations and Maintenance	17,035,928	15,127,100	19,020,338	18,139,904	17,324,802	20,404,100	16,791,601	14,842,032	16,306,669	17,700,607
Pupil Transportation Services	3,345,150	2,936,339	2,991,426	2,476,412	2,697,027	2,461,717	2,515,821	2,160,375	2,320,569	2,356,975
Co-Curricular Activities	7,267,313	7,069,152	6,633,570	5,827,392	7,209,485	5,750,730	4,378,169	4,185,324	4,123,652	4,722,500
Food Service Outlay	8,357,590	8,224,383	7,331,939	7,447,411	7,237,490	6,921,487	6,556,433	5,560,030	6,338,682	6,145,933
Community Services	988,477	1,227,476	780,709	96,642	95,378	91,079	94,552	262,213	293,853	284,287
<b>Total Supporting Services</b>	<b>\$ 69,765,987</b>	<b>\$ 65,014,196</b>	<b>\$ 69,657,060</b>	<b>\$ 65,541,622</b>	<b>\$ 64,911,076</b>	<b>\$ 65,560,771</b>	<b>\$ 60,148,360</b>	<b>\$ 54,179,535</b>	<b>\$ 54,916,901</b>	<b>\$ 55,495,659</b>
Capital Outlay	\$ 39,110,450	\$ 2,030,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Fees on Long-Term Debt	\$ 2,276,579	\$ 2,381,346	\$ 2,234,844	\$ 2,815,047	\$ 3,359,553	\$ 3,022,188	\$ 3,341,347	\$ 3,842,437	\$ 3,914,570	\$ 3,289,537
<b>Total Expenditures</b>	<b>\$ 215,599,874</b>	<b>\$ 204,743,254</b>	<b>\$ 212,695,030</b>	<b>\$ 192,112,446</b>	<b>\$ 187,482,071</b>	<b>\$ 180,588,258</b>	<b>\$ 176,825,084</b>	<b>\$ 157,767,903</b>	<b>\$ 158,647,485</b>	<b>\$ 149,853,362</b>

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Summary of Special Revenue Funds Revenues and Expenditures

Last Ten Fiscal Years

**REVENUE HISTORY**

<b>Fiscal Year</b>	<b>Food Services Fund</b>	<b>Student Activities Fund</b>	<b>Total Revenue</b>
2014	\$ 5,973,607	\$ 445,151	\$ 6,418,758
2015	6,021,511	474,453	6,495,964
2016	6,108,742	477,901	6,586,643
2017	6,439,904	478,782	6,918,686
2018	6,907,001	1,318,620	8,225,621
2019	7,149,482	2,421,022	9,570,504
2020	6,430,805	1,704,334	8,135,139
2021	7,585,832	2,709,245	10,295,077
2022	10,472,240	3,012,289	13,484,529
2023	8,371,006	2,742,882	11,113,888

**EXPENDITURE HISTORY**

<b>Fiscal Year</b>	<b>Food Services Fund</b>	<b>Student Activities Fund</b>	<b>Total Expenditures</b>
2014	\$ 6,013,613	\$ 4,254,771	\$ 10,268,384
2015	6,111,901	3,795,353	9,907,254
2016	6,233,833	4,057,037	10,290,870
2017	6,300,358	4,008,970	10,309,328
2018	6,405,284	5,304,617	11,709,901
2019	6,814,682	6,533,061	13,347,743
2020	6,867,497	6,570,837	13,438,334
2021	6,525,028	6,524,900	13,049,928
2022	8,049,151	6,914,932	14,964,083
2023	8,156,036	7,003,609	15,159,645

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Fund Balances of Governmental Funds

### Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Non-Spendable										
Inventories	\$ 711,623	\$ 660,004	\$ 581,774	\$ 415,908	\$ 271,175	\$ 230,435	\$ 215,830	\$ 190,953	\$ 169,767	\$ 127,887
Prepaid Expenses	81,116	-	-	-	-	-	-	-	16,410	-
Unassigned	40,285,313	36,618,457	36,421,877	32,558,770	31,581,692	31,705,843	31,432,447	29,994,401	28,789,664	28,100,541
<b>Total General Fund</b>	<b>\$41,078,052</b>	<b>\$ 37,278,461</b>	<b>\$ 37,003,651</b>	<b>\$ 32,974,678</b>	<b>\$ 31,852,867</b>	<b>\$ 31,936,278</b>	<b>\$ 31,648,277</b>	<b>\$ 30,185,354</b>	<b>\$ 28,975,841</b>	<b>\$ 28,228,428</b>
Other Major and Governmental Funds										
Non-Spendable										
Inventories	\$ 150,833	\$ 203,978	\$ 170,744	\$ 171,367	\$ 81,770	\$ 1	\$ 9,467	\$ 10,024	\$ 10,413	\$ 9,322
Notes Receivable	-	-	-	-	-	-	-	-	2,416,783	2,662,140
Restricted										
Debt Service	165,427	-	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25	16
Capital Projects	16,263,827	18,155,915	10,283,942	11,861,356	16,073,740	8,766,016	9,816,091	15,333,337	17,882,495	25,873,170
Committed										
Special Revenue	6,507,334	6,507,929	4,161,905	2,249,320	3,083,991	3,123,038	2,561,886	2,350,853	2,405,004	2,678,198
<b>Total Other Major and Governmental Funds</b>	<b>\$23,087,421</b>	<b>\$ 24,867,822</b>	<b>\$ 14,616,591</b>	<b>\$ 14,282,046</b>	<b>\$ 25,483,775</b>	<b>\$ 18,051,895</b>	<b>\$ 18,476,469</b>	<b>\$ 23,694,152</b>	<b>\$ 22,714,720</b>	<b>\$ 31,222,846</b>
<b>Total Governmental Funds</b>	<b>\$64,165,473</b>	<b>\$ 62,146,283</b>	<b>\$ 51,620,242</b>	<b>\$ 47,256,724</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>	<b>\$ 59,451,274</b>

Source of Data: District Accounting Department



**BOARD OF EDUCATION OF THE CITY OF FARGO**  
 Schedule of Changes in Fund Balances – Total Governmental Funds  
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues:</b>										
Local Sources	\$ 87,260,360	\$ 77,253,251	\$ 74,790,426	\$ 71,676,683	\$ 69,663,972	\$ 64,567,840	\$ 61,013,963	\$ 61,275,302	\$ 56,043,730	\$ 56,084,511
State Sources	107,150,543	104,435,579	105,474,701	103,682,372	102,747,804	102,455,020	103,076,434	99,459,748	94,945,777	91,242,442
Federal Sources	34,470,572	34,127,137	26,958,634	15,272,459	13,004,928	11,761,703	11,445,161	10,567,291	10,710,207	9,881,354
Other Sources	74,873	63,997	43,393	2,800	12,872	123,074	26,470	185,428	210,875	226,615
<b>Total Revenues</b>	<b>\$228,956,348</b>	<b>\$ 215,879,964</b>	<b>\$ 207,267,154</b>	<b>\$ 190,634,314</b>	<b>\$ 185,429,576</b>	<b>\$ 178,907,637</b>	<b>\$ 175,562,028</b>	<b>\$ 171,487,769</b>	<b>\$ 161,910,589</b>	<b>\$ 157,434,922</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Education	\$ 97,204,009	\$ 91,423,146	\$ 85,998,712	\$ 76,724,605	\$ 75,053,916	\$ 72,427,801	\$ 73,095,302	\$ 70,810,878	\$ 68,965,147	\$ 64,708,323
Special Education	35,636,742	33,801,666	32,239,016	31,233,539	29,646,194	27,382,094	25,215,023	24,420,358	22,724,862	21,050,947
Vocational Education	7,394,188	7,150,256	6,499,733	6,112,140	5,866,650	5,700,296	5,966,993	5,426,695	5,219,095	5,158,907
Adult Education	1,193,463	1,049,967	1,019,470	1,005,564	895,352	861,503	849,895	886,606	757,214	655,834
<b>Support Services:</b>										
Pupil Services	6,471,239	6,094,962	5,283,342	5,377,440	5,094,390	4,742,513	4,377,276	4,410,997	4,243,820	3,985,241
Instructional Staff Services	5,391,207	4,924,121	5,130,713	5,091,269	4,942,728	4,615,325	4,895,252	4,975,739	4,981,551	4,942,322
General Administration Services	3,225,874	3,068,965	2,897,225	2,780,230	3,010,838	3,150,824	2,786,378	2,618,431	2,461,995	2,373,137
School Administration Services	11,176,324	11,304,089	11,390,159	10,918,187	10,282,923	10,134,016	10,214,991	10,078,238	9,652,255	9,238,871
Business Services	5,136,770	4,994,852	4,792,419	4,540,771	4,582,477	4,885,816	4,926,683	4,897,258	3,169,752	2,970,763
Operations and Maintenance	16,878,957	16,904,485	17,807,640	16,900,575	16,240,573	19,004,513	15,609,807	16,410,620	15,821,884	17,360,509
Pupil Transportation Services	3,190,547	2,878,270	2,671,883	2,310,011	2,539,251	2,407,839	2,344,675	2,209,448	2,247,814	2,286,381
Co-Curricular Activities	6,971,561	6,864,686	6,786,480	6,826,262	6,784,513	5,546,878	4,249,833	4,287,424	4,012,926	4,502,181
Food Service Outlay	8,156,036	8,030,217	6,525,028	6,310,644	10,859,799	1,194,345	7,118,991	12,825,437	17,782,561	7,572,703
Community Services	978,519	1,226,357	697,159	6,867,497	6,814,682	6,405,284	6,300,358	6,233,833	6,111,901	6,013,613
Capital Outlay	39,110,450	6,023,075	16,765,000	90,156	89,801	89,329	88,124	266,967	289,205	274,508
<b>Total Expenditures</b>	<b>\$248,115,886</b>	<b>\$ 205,739,114</b>	<b>\$ 206,503,979</b>	<b>\$ 183,088,890</b>	<b>\$ 182,704,087</b>	<b>\$ 168,548,376</b>	<b>\$ 168,039,581</b>	<b>\$ 170,758,929</b>	<b>\$ 168,441,982</b>	<b>\$ 153,094,240</b>
<b>Debt Service:</b>										
Principal	\$ 4,871,727	\$ 6,374,420	\$ 5,780,877	\$ 8,333,566	\$ 7,811,989	\$ 7,385,570	\$ 7,093,448	\$ 8,495,676	\$ 7,386,450	\$ 6,409,443
Interest	2,652,873	2,676,738	2,651,663	3,045,777	3,156,784	3,171,605	3,229,083	3,661,121	3,678,943	3,159,463
Bond Costs	253,692	333,843	185,623	207,619	163,462	755	109,704	518,233	296,985	306,849
<b>Total Debt Service Expenditures</b>	<b>\$ 7,778,292</b>	<b>\$ 9,385,001</b>	<b>\$ 8,618,163</b>	<b>\$ 11,586,962</b>	<b>\$ 11,132,235</b>	<b>\$ 10,557,930</b>	<b>\$ 10,432,235</b>	<b>\$ 12,675,030</b>	<b>\$ 11,362,378</b>	<b>\$ 9,875,755</b>
<b>Total Expenditures</b>	<b>\$255,894,178</b>	<b>\$ 215,124,115</b>	<b>\$ 215,122,142</b>	<b>\$ 194,675,852</b>	<b>\$ 193,836,322</b>	<b>\$ 179,106,306</b>	<b>\$ 178,471,816</b>	<b>\$ 183,433,959</b>	<b>\$ 179,804,360</b>	<b>\$ 162,969,995</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$(26,937,830)</b>	<b>\$ 755,849</b>	<b>\$(7,854,988)</b>	<b>\$(4,041,538)</b>	<b>\$(8,406,746)</b>	<b>\$(198,669)</b>	<b>\$(2,909,788)</b>	<b>\$(11,946,190)</b>	<b>\$(17,893,771)</b>	<b>\$(5,535,073)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers In	\$ 18,182,818	\$ 20,045,832	\$ 18,355,542	\$ 46,763,273	\$ 20,084,663	\$ 19,073,264	\$ 25,708,269	\$ 52,784,034	\$ 25,120,133	\$ 14,292,042
Transfers Out	(18,182,818)	(20,045,832)	(18,355,542)	(46,763,273)	(20,084,663)	(19,073,264)	(26,681,481)	(52,784,034)	(25,120,133)	(14,292,042)
Premium on the Sale of Bonds	542,073	130,211	986,497	743,036	1,719,394	-	672,342	3,002,555	312,351	-
Debt Issuance	17,155,000	7,920,000	11,205,000	18,475,000	14,000,000	-	8,795,000	29,470,000	19,585,000	26,970,000
Payment to Refunded Bond Escrow Agent	-	-	-	(25,270,000)	-	-	(9,350,000)	(26,455,000)	(10,000,000)	-
Discount on the Sale of Bonds	-	-	-	-	-	-	-	-	-	(57,888)
Sale of Land	8,331,939	-	-	-	-	-	-	-	-	-
Gain on Sale of Land	2,832,859	-	-	-	-	-	-	-	-	-
Refund of Prior Year's Expense	-	-	-	10,297	10,781	9,900	-	-	-	-
Sale of Capital Assets	95,149	13,599	27,865	3,287	25,040	52,196	10,898	8,117,580	235,707	225,703
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 28,957,020</b>	<b>\$ 8,063,810</b>	<b>\$ 12,219,362</b>	<b>\$(6,038,380)</b>	<b>\$ 15,755,215</b>	<b>\$ 62,096</b>	<b>\$(844,972)</b>	<b>\$ 14,135,135</b>	<b>\$ 10,133,058</b>	<b>\$ 27,137,815</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,019,190</b>	<b>\$ 8,819,659</b>	<b>\$ 4,364,374</b>	<b>\$(10,079,918)</b>	<b>\$ 7,348,469</b>	<b>\$(136,573)</b>	<b>\$(3,754,760)</b>	<b>\$ 2,188,945</b>	<b>\$(7,760,713)</b>	<b>\$ 21,602,742</b>
<b>Fund Balance - July 1</b>	<b>\$ 62,146,283</b>	<b>\$ 51,620,242</b>	<b>\$ 47,256,724</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>	<b>\$ 59,451,274</b>	<b>\$ 37,848,532</b>
<b>Prior Period Adjustment</b>	<b>\$ -</b>	<b>\$ 1,706,382</b>	<b>\$(856)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance - July 1</b>	<b>\$ 62,146,283</b>	<b>\$ 53,326,624</b>	<b>\$ 47,255,868</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>	<b>\$ 59,451,274</b>	<b>\$ 37,848,532</b>
<b>Fund Balance - June 30</b>	<b>\$ 64,165,473</b>	<b>\$ 62,146,283</b>	<b>\$ 51,620,242</b>	<b>\$ 47,256,724</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>	<b>\$ 59,451,274</b>

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Summary of General Fund Balances

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Beginning Fund Balance at July 1</b>	<b>Prior Period Adjustment</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Ending Fund Balance at June 30</b>
2014	\$ 26,420,050	\$ -	\$ 143,256,637	\$ 135,250,478	\$ (6,197,781)	\$ 28,228,428
2015	28,228,428	-	147,667,513	140,783,612	(6,136,488)	28,975,841
2016	28,975,841	-	155,901,680	147,458,328	(7,233,839)	30,185,354
2017	30,185,354	-	159,054,370	150,251,090	(7,340,357)	31,648,277
2018	31,648,277	-	160,672,265	153,664,001	(6,720,263)	31,936,278
2019	31,936,278	-	165,139,440	158,494,195	(6,728,656)	31,852,867
2020	31,852,867	-	171,040,884	162,336,912	(7,582,161)	32,974,678
2021	32,974,678	(1,193,831)	185,118,190	176,139,201	(3,756,185)	37,003,651
2022	37,003,651	1,689,630	189,503,993	186,782,550	(4,136,263)	37,278,461
2023	37,278,461	-	203,771,744	195,771,222	(4,200,931)	41,078,052

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Summary of Special Revenue Fund Balances  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Food Services Fund</b>	<b>Student Activities Fund</b>	<b>Total</b>
2014	\$ 2,687,520	\$ -	\$ 2,687,520
2015	2,415,417	-	2,415,417
2016	2,360,877	-	2,360,877
2017	2,571,353	-	2,571,353
2018	3,123,039	-	3,123,039
2019	3,165,761	-	3,165,761
2020	2,420,687	-	2,420,687
2021	3,186,213	1,163,188	4,349,401
2022	5,262,471	1,449,436	6,711,907
2023	5,137,665	1,520,502	6,658,167

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Unassigned General Fund Balance Compared to Annual Expenditures  
Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Unassigned Fund Balance</u>	<u>Annual Expenditures</u>	<u>Balance as a Percent of Expenditures</u>
2014	\$ 28,100,541	\$ 135,250,478	20.78%
2015	28,789,664	140,783,612	20.45%
2016	29,994,401	147,458,328	20.34%
2017	31,432,447	150,251,090	20.92%
2018	31,705,843	153,664,001	20.63%
2019	31,581,692	158,494,195	19.93%
2020	32,558,770	162,336,912	20.06%
2021	36,421,877	176,139,201	20.68%
2022	36,618,457	186,782,550	19.60%
2023	40,285,313	195,771,222	20.58%

Source of Data: District Accounting Department

# REVENUE CAPACITY



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Assessed and Taxable Values of District Property

### Last Ten Fiscal Years

Fiscal Year	Farm	Business Lots	Business Buildings	Residential Lots	Residential Buildings	Taxable Value	Homestead Credit	Veteran's Credit	Net Taxable Value	Assessed Value	Real Market Value	Taxable Value as a Percentage of Assessed Value
2014	\$ 704,695	\$ 23,569,683	\$ 81,508,880	\$ 24,776,637	\$ 145,626,805	\$ 276,186,700	\$ (1,097,400)	\$ (1,194,017)	\$ 273,895,283	\$ 2,913,765,151	\$ 5,827,530,301	9.40%
2015	770,885	24,433,130	88,401,205	24,852,063	153,072,790	291,530,073	(1,760,139)	(1,301,798)	288,468,136	3,074,201,216	6,148,402,431	9.38%
2016	794,940	25,894,594	102,498,175	25,580,894	166,701,799	321,470,402	(1,995,674)	(1,561,559)	317,913,169	3,384,184,844	6,768,369,688	9.39%
2017	811,465	27,254,663	115,160,350	37,498,399	173,494,295	354,219,172	(1,627,781)	(2,362,230)	350,229,161	3,725,331,416	7,450,662,831	9.40%
2018	786,225	33,612,128	115,271,750	37,791,809	190,171,681	377,633,593	(2,485,217)	(1,822,195)	373,326,181	3,982,856,465	7,965,712,930	9.37%
2019	786,530	38,057,220	121,339,465	38,073,495	200,848,825	399,105,535	(2,543,461)	(1,946,331)	394,615,743	4,206,162,216	8,412,324,431	9.38%
2020	843,135	45,640,811	133,152,460	62,792,915	193,040,637	435,469,958	(2,504,966)	(2,336,391)	430,628,600	4,576,362,678	9,152,725,355	9.41%
2021	850,030	45,721,707	147,226,725	63,485,631	202,396,669	459,680,762	(2,661,054)	(2,895,187)	454,124,521	4,835,417,510	9,670,835,019	9.39%
2022	809,010	46,626,806	161,911,613	64,238,717	226,211,974	499,798,120	(2,359,502)	(3,053,201)	494,385,417	5,258,060,055	10,516,120,109	9.40%
2023	836,680	52,124,893	182,326,020	64,570,272	257,190,484	557,048,349	(4,101,214)	(3,451,604)	549,495,621	5,854,458,700	11,708,917,399	9.39%

Source: Cass County Assessor's Office

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Assessed and Real Market Values of Taxable Properties  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Net Taxable Value</b>	<b>Assessed Value</b>	<b>Real Market Value</b>
2014	\$ 273,895,283	\$ 2,913,765,151	\$ 5,827,530,301
2015	288,468,136	3,074,201,216	6,148,402,431
2016	317,913,169	3,384,184,844	6,768,369,688
2017	350,229,161	3,725,331,416	7,450,662,831
2018	373,326,181	3,982,856,465	7,965,712,930
2019	394,615,743	4,206,162,216	8,412,324,431
2020	430,628,600	4,576,362,678	9,152,725,355
2021	454,124,521	4,835,417,510	9,670,835,019
2022	494,385,417	5,258,060,055	10,516,120,109
2023	549,495,621	5,854,458,700	11,708,917,399

Source of Data: District Accounting Department  
Cass County Assessor's Office  
Cass County Auditor's Office

**BOARD OF EDUCATION OF THE CITY OF FARGO**

History of Tax Rates  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>General Fund</b>	<b>Building Fund</b>	<b>Special Assessment Fund</b>	<b>Total Mills</b>
2014	139.00	26.35	0.00	165.35
2015	139.00	26.35	0.00	165.35
2016	139.00	26.35	1.00	166.35
2017	127.00	26.35	1.00	154.35
2018	126.78	26.35	1.00	154.13
2019	126.78	26.35	1.00	154.13
2020	126.78	26.35	1.25	154.38
2021	126.78	26.35	1.25	154.38
2022	126.78	26.35	1.25	154.38
2023	126.78	26.35	1.25	154.38

Source of Data: District Accounting Department



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Principal Taxpayers

Current Year and Nine Years Ago

Taxpayer	Tax Year 2022		Tax Year 2013	
	Taxable Value	Percentage of Total Taxable Value	Taxable Value	Percentage of Total Taxable Value
Northern States Power Company	\$ 5,561,846	1.11%	\$ 2,829,882	1.61%
Preylock Fargo LLC	5,247,225	1.05%		
Sanford North	2,251,265	0.45%		
Great Plains Software Inc	2,155,085	0.43%		
Aldevron LLC	2,023,250	0.40%		
Tlofts U32 Apartments LLC	1,616,985	0.32%		
1709 25th Ave S	1,488,750	0.30%		
Case Equipment Corporation	1,470,365	0.29%	902,745	0.51%
NDSU Development Foundation	1,247,450	0.25%		
Store SPE Mills Fleet 2016-1 LLC	1,241,890	0.25%		
Innovis Health LLC			3,876,985	2.20%
Inreit Properties LLLP			2,118,820	1.20%
Matrix Properties Corp.			1,285,950	0.73%
Meritcare Medical Group			1,044,125	0.59%
Meritcare Hospital			1,040,883	0.59%
Dakota Park Limited Patnership			744,850	0.42%
Super Value Stores, Inc.			640,975	0.36%
The Waterford at Harwood Groves LLC			561,564	0.32%
<b>Total Attributable to Ten Largest Taxpayers</b>	<b>\$ 24,304,111</b>	<b>4.85%</b>	<b>\$ 15,046,779</b>	<b>8.53%</b>
<b>Total Taxable Value</b>	<b>\$ 499,798,120</b>	<b>100.00%</b>	<b>\$ 175,953,552</b>	<b>100.00%</b>

Source of Data: Cass County Auditor's Office

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year of the Original Levy		Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Original Levy	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	\$ 45,288,585	\$ 36,474	\$ 45,325,059	\$ 41,902,052	92.52%	\$ 1,603,318	\$ 43,505,370	95.99%
2015	47,698,206	362,586	48,060,792	44,425,390	93.14%	1,595,322	46,020,712	95.76%
2016	52,884,855	419,054	53,303,909	49,224,792	93.08%	1,746,698	50,971,490	95.62%
2017	54,057,871	332,151	54,390,022	50,026,223	92.54%	1,798,229	51,824,452	95.28%
2018	57,540,764	380,359	57,921,123	52,553,717	91.33%	2,826,048	55,379,765	95.61%
2019	61,400,132	(161,860)	61,238,272	58,136,869	94.69%	500,491	58,637,360	95.75%
2020	64,176,155	(146,978)	64,029,177	57,934,764	90.27%	3,290,451	61,225,215	95.62%
2021	66,591,409	(112,688)	66,478,721	63,094,729	94.75%	341,897	63,436,626	95.42%
2022	70,234,269	(52,973)	70,181,296	66,575,501	94.79%	326,098	66,901,599	95.33%
2023	76,323,062	34,883	76,357,945	69,756,015	* 91.40%	-	69,756,015	91.35%

\*Collection is as of June 30, 2023

Source: Cass County Auditor's Office

# BOARD OF EDUCATION OF THE CITY OF FARGO

Levies and Mill Conversion  
Last Ten Fiscal Years

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	<u>2022-23</u>	<u>2021-22</u>
Taxable Valuation	\$ 549,495,621	\$ 494,385,417
One Millage of Tax	X 0.001	X 0.001
Each Mill Will Return (Approximately)	<u>\$ 549,496</u>	<u>\$ 494,385</u>
<b>Actual Dollars Levied</b>		
General Fund	\$ 63,279,666	\$ 58,278,327
Building Fund	13,152,068	12,112,588
Special Assessments Fund	623,912	574,601
Total Required Levy	<u>\$ 77,055,646</u>	<u>\$ 70,965,516</u>
<b>Mill Conversion:</b>		
General Fund	126.78	126.78
Building Fund	26.35	26.35
Special Assessments Fund	1.25	1.25
Total Mill Levy	<u>154.38</u>	<u>154.38</u>

Source of Data: District Accounting Department

# DEBT CAPACITY



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Ratio of General Obligation Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Less: Amounts		Total	Bond Premium	Taxable Valuation	Percent of Estimated Actual Taxable Value of Property	Estimated Population*	Per Capita Debt
	General Obligation Bonds	Available in Debt Service Fund						
2014	\$ 106,490,000	\$ 13	\$ 106,489,987	\$ 1,040,101	\$ 273,895,283	38.88%	113,658	937
2015	108,870,000	21	108,869,979	1,176,162	288,468,136	37.74%	115,863	940
2016	103,612,508	27	103,612,481	3,904,938	317,913,169	32.59%	118,523	874
2017	97,067,291	7,660	97,059,631	3,967,523	350,229,161	27.71%	120,762	804
2018	90,124,322	20	90,124,302	3,450,823	373,326,181	24.14%	122,359	737
2019	96,718,574	-	96,718,574	4,610,532	394,615,743	24.51%	124,844	775
2020	81,685,018	3	81,685,015	4,761,548	430,628,600	18.97%	124,662	655
2021	87,128,626	-	87,128,626	5,060,417	454,124,521	19.19%	125,990	692
2022	88,694,370	-	88,694,370	4,478,338	494,385,417	17.94%	126,748	700
2023	101,152,222	165,427	100,986,795	4,304,692	549,495,621	18.38%	131,444	768

\*Estimated Population: United States Census Bureau Quickfacts

Source: District Accounting Department  
Cass County Auditor's Office

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Direct and Overlapping Debt  
 For the Year Ended June 30, 2023

Taxing Authority	Outstanding Bonded Debt	Percentage of Debt Allocable to the District	Amount Applicable to the District
Board of Education of the City of Fargo	\$ 101,152,222	100%	\$ 101,152,222
<b>Total Direct Debt</b>			<b>\$ 101,152,222</b>
Cass County	\$ 135,000	44.05%	\$ 59,464
City of Fargo	\$ 521,917,691	68.19%	355,920,336
Fargo Park District	\$ 52,860,000	68.19%	36,047,732
Other Entities*			-
<b>Total Overlapping Debt</b>			<b>\$ 392,027,532</b>
<b>Total Direct and Overlapping Bonded Debt</b>			<b>\$ 493,179,754</b>

\*The cities of Briarwood, Frontier, North River and Prairie Rose and the townships of Barnes, Fargo, Pleasant, Reed and Stanley have no general obligation debt.

The percentage of overlapping debt applicable to the District is calculated using taxable property values. Applicable percentages are determined by the portion of another governmental unit's taxable value that is within the School District's boundaries and dividing it by each unit's total taxable valuation.

Source of Data: Cass County Property Tax Summary  
 Thompson Municipal Market Monitor  
 District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Legal Debt Margin Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Assessed Value of All Property	\$ 5,854,458,700	\$ 5,258,060,055	\$ 4,835,417,510	\$ 4,576,362,678	\$ 4,206,162,216	\$ 3,982,856,465	\$ 3,725,331,416	\$ 3,384,184,844	\$ 3,074,201,216	\$ 2,913,765,151
Debt Limit - 5% of Assessed Value	292,722,935	262,903,003	241,770,876	228,818,134	210,308,111	199,142,823	186,266,571	169,209,242	153,710,061	145,688,258
<u>Legal Debt Margin:</u>										
Debt Applicable to Limitation*	100,862,222	88,124,370	86,283,626	80,570,018	92,748,574	83,574,322	88,272,291	91,577,508	93,435,000	88,335,000
Legal Debt Margin	<u>\$ 191,860,713</u>	<u>\$ 174,778,633</u>	<u>\$ 155,487,250</u>	<u>\$ 148,248,116</u>	<u>\$ 117,559,537</u>	<u>\$ 115,568,501</u>	<u>\$ 97,994,280</u>	<u>\$ 77,631,734</u>	<u>\$ 60,275,061</u>	<u>\$ 57,353,258</u>
Total Debt Applicable to Limitation as a Percentage of Debt Limit	34.46%	33.52%	35.69%	35.21%	44.10%	41.97%	47.39%	54.12%	60.79%	60.63%

\*The District's Building Authority Revenue Bonds are not included when calculating the legal debt margin.

Source: District Accounting Department  
Cass County Auditor's Office

# BOARD OF EDUCATION OF THE CITY OF FARGO

Ratios of Debt to Assessed Valuation, Debt to Total Personal Income, and Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population*	Taxable Valuation	Assessed Valuation	Per Capita Personal Income	Total Personal Income	Outstanding Bonded Debt	Special Assessments	Bond Premium	Percent of Debt to Assessed Valuation	Percent of Debt to Total Personal Income	Bonded Debt Per Capita
2014	113,658	\$ 273,895,283	\$2,913,765,151	\$ 46,384	\$5,271,912,672	\$ 106,490,000	\$ 579,492	\$ 1,040,101	3.67%	2.03%	942
2015	115,863	288,468,136	3,074,201,216	47,023	5,448,225,849	108,870,000	514,166	1,176,162	3.56%	2.01%	944
2016	118,523	317,913,169	3,384,184,844	48,914	5,797,434,022	103,612,508	447,412	3,904,938	3.07%	1.79%	878
2017	120,762	350,229,161	3,725,331,416	49,987	6,036,530,094	97,067,291	695,230	3,967,523	2.62%	1.62%	810
2018	122,359	373,326,181	3,982,856,465	50,364	6,162,488,676	90,124,322	683,292	3,450,823	2.28%	1.47%	742
2019	124,844	394,615,743	4,206,162,216	50,725	6,332,711,900	96,718,574	665,394	4,610,532	2.32%	1.54%	780
2020	124,662	430,628,600	4,576,362,678	52,712	6,571,183,344	81,685,018	646,719	4,761,548	1.80%	1.25%	660
2021	125,990	454,124,521	4,835,417,510	54,932	6,920,882,680	87,128,626	627,233	5,060,417	1.81%	1.27%	697
2022	126,748	494,385,417	5,258,060,055	58,158	7,371,410,184	88,694,370	607,068	4,478,338	1.70%	1.21%	705
2023	131,444	549,495,621	5,854,458,700	62,021	8,152,288,324	101,152,222	586,011	4,304,692	1.74%	1.25%	774

\* Estimated Population: U.S. Census Bureau

Source: District Accounting Department  
 Fargo Cass County Economic Development Corp  
 Cass County Assessor's Office  
 US Department of Commerce: Bureau of Economic Analysis



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Schedule of Bonds Payable

For the Year Ended June 30, 2023

<u>General Obligation Bonds</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amounts Issued</u>	<u>Amounts Retired</u>	<u>Balance Outstanding</u>
2012 Limited Tax Refunding Bond Series	2012	2023	2.00% - 2.25%	\$ 24,615,000	\$ 24,615,000	\$ -
2015 Limited Tax Bond Series	2015	2027	2.00% - 2.50%	9,835,000	1,000,000	8,835,000
2015B Limited Tax Refunding Bond Series	2015	2026	2.00%	9,750,000	-	9,750,000
2015C Limited Tax Refunding Bond Series	2016	2035	1.00%	6,000,000	2,257,778	3,742,222
2016A State School Construction Bond Series	2016	2036	2.00% - 4.00%	9,160,000	2,235,000	6,925,000
2016B Limited Tax Bond Series	2016	2024	5.00%	14,310,000	8,290,000	6,020,000
2018 Limited Tax Refunding Bond Series	2018	2038	4.00% - 5.00%	14,000,000	1,845,000	12,155,000
2019 Limited Tax Bond Series	2019	2032	2.40% - 3.00%	18,475,000	500,000	17,975,000
2020 Limited Tax Refunding Bond Series	2020	2040	2.00% - 5.00%	11,205,000	820,000	10,385,000
2022A Limited Tax Bond Series	2022	2042	3.00% - 4.00%	7,920,000	-	7,920,000
2023 Limited Tax Bond Series	2023	2043	4.00% - 5.00%	17,155,000	-	17,155,000
Total General Obligation Bonds				<u>142,425,000</u>	<u>41,562,778</u>	<u>100,862,222</u>
<b><u>Building Authority Revenue Bonds</u></b>						
2017 Lease Revenue Refunding Bonds Series	2017	2024	3.00% - 5.00%	<u>8,795,000</u>	<u>8,505,000</u>	<u>290,000</u>
Total Bonds Payable				<u>\$ 151,220,000</u>	<u>\$ 50,067,778</u>	<u>\$ 101,152,222</u>

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Schedule of Bond Maturities

For the Year Ended June 30, 2023

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,710,070	\$ 2,928,445	\$ 9,638,515
2025	7,633,020	2,933,892	10,566,912
2026	8,241,001	2,676,236	10,917,237
2027	8,649,011	2,440,326	11,089,337
2028	7,717,051	2,194,649	9,911,700
2029	6,705,121	1,956,816	8,661,937
2030	6,933,222	1,722,789	8,656,011
2031	7,171,355	1,499,837	8,671,192
2032	7,384,518	1,273,129	8,657,647
2033	5,777,713	1,056,526	6,834,239
2034	3,590,940	903,491	4,494,431
2035	3,704,200	788,547	4,492,747
2036	3,490,000	669,224	4,159,224
2037	3,610,000	548,788	4,158,788
2038	3,115,000	433,081	3,548,081
2039	3,220,000	322,278	3,542,278
2040	2,265,000	228,560	2,493,560
2041	2,340,000	152,560	2,492,560
2042	1,705,000	80,720	1,785,720
2043	1,190,000	23,800	1,213,800
	<u>\$ 101,152,222</u>	<u>\$ 24,833,694</u>	<u>\$ 125,985,916</u>

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**Ratio of Annual Debt Service for General Bonded Debt to Noncapital Expenditures  
Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Noncapital Expenditures</u>	<u>Percent of Annual Debt Service to Noncapital Expenditures</u>
2014	\$ 5,810,000	\$ 3,051,986	\$ 8,861,986	\$ 155,397,292	5.70%
2015	6,775,000	3,591,491	10,366,491	162,021,799	6.40%
2016	7,362,492	3,447,800	10,810,292	170,608,522	6.34%
2017	5,990,217	3,262,455	9,252,672	171,352,825	5.40%
2018	6,942,969	3,139,442	10,082,411	177,911,961	5.67%
2019	7,405,749	3,127,129	10,532,878	182,976,523	5.76%
2020	8,038,556	3,016,899	11,055,455	188,365,208	5.87%
2021	5,761,392	2,623,595	8,384,987	198,357,142	4.23%
2022	6,354,256	2,649,516	9,003,772	209,101,040	4.31%
2023	4,697,148	2,623,472	7,320,620	216,783,728	3.38%

Source of Data: District Accounting Department

# DEMOGRAPHIC AND ECONOMIC INFORMATION



**BOARD OF EDUCATION OF THE CITY OF FARGO**

Demographic Statistics

Last Ten Fiscal Years

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<u>FISCAL YEAR</u>	<u>POPULATION*</u>	<u>UNEMPLOYMENT RATE</u>
2014	113,658	3.0%
2015	115,863	2.6%
2016	118,523	2.5%
2017	120,762	2.2%
2018	122,359	2.6%
2019	124,844	2.4%
2020	124,662	6.4%
2021	125,990	5.2%
2022	126,748	2.1%
2023	131,444	2.2%

\*Estimate

Source: United Census Bureau  
Job Service North Dakota. Bureau of Labor Statistics

# BOARD OF EDUCATION OF THE CITY OF FARGO

Principal Employers in the Fargo-Metropolitan Area  
Current and Nine Years Ago

Employer	2023			2014		
	FTE's	Rank	Percentage of Total Employment	FTE's	Rank	Percentage of Total Employment
Sanford Health	9,229	1	6.14%	6,020	1	5.01%
North Dakota State University	2,267	2	1.51%	4,219	2	3.51%
Fargo Public School District	2,153	3	1.43%	1,898	4	1.58%
West Fargo Public Schools	2,031	4	1.35%	1,248	7	1.04%
Essentia Health	1,946	5	1.29%	3,382	3	2.81%
Marvin Windows and Doors	1,800	6	1.20%			
Fargo VA Health Care System	1,440	7	0.96%			
Coborn's, Inc.	1,215	8	0.81%			
City of Fargo	1,021	9	0.68%			
Wex, Inc.	863	10	0.57%			
Noridian Healthcare Solutions				1,500	5	1.25%
Case New Holland				1,250	6	1.04%
Wanzek Construction, Inc.				1,100	8	0.92%
US Bank Service Center				1,052	9	0.88%
Blue Cross Blue Shield of ND				950	10	0.79%
Employed Labor Force*	150,300			120,165		

\*Employed Labor Force is as of July 2023 and June 2014

Source: Job Service North Dakota  
Chamber of Commerce of Fargo-Moorhead-West Fargo

# OPERATING INFORMATION



## BOARD OF EDUCATION OF THE CITY OF FARGO

Number of School District Employees by Function  
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Function:</i>										
Administrators/Board Members	71	78	80	62	54	66	65	66	69	71
Nutritional Services	113	118	126	129	129	119	129	121	121	100
Maintenance	131	134	136	126	125	146	128	124	128	130
Support Staff	695	739	621	633	673	601	580	541	520	508
OT/PT/Social Workers	56	15	19	26	17	30	17	17	5	20
Teachers	<u>1,119</u>	<u>1,120</u>	<u>1,055</u>	<u>1,052</u>	<u>1,018</u>	<u>999</u>	<u>1,004</u>	<u>977</u>	<u>973</u>	<u>965</u>
TOTAL	<u>2,185</u>	<u>2,204</u>	<u>2,037</u>	<u>2,028</u>	<u>2,016</u>	<u>1,961</u>	<u>1,923</u>	<u>1,846</u>	<u>1,816</u>	<u>1,794</u>

Source of Data: District Accounting Department



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

<u>FUNCTION</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Instruction:</b>										
Regular Education	\$ 114,474,847	\$ 97,795,797	\$ 93,274,286	\$ 86,265,919	\$ 88,343,000	\$ 89,352,501	\$ 91,094,657	\$ 87,625,219	\$ 78,564,165	\$ 77,459,269
Special Education	41,968,543	36,157,811	34,966,468	35,117,678	34,895,365	33,780,655	31,424,097	30,219,075	25,887,856	25,182,518
Vocational Education	8,707,959	7,648,665	7,049,617	6,872,233	6,905,402	7,032,323	7,436,335	6,715,287	5,945,522	6,169,630
Adult Education	1,405,513	1,123,155	1,105,718	1,130,614	1,053,883	1,062,816	1,059,177	1,097,134	862,608	782,066
<b>Total Instruction</b>	<b>\$ 166,556,862</b>	<b>\$ 142,725,428</b>	<b>\$ 136,396,089</b>	<b>\$ 129,386,444</b>	<b>\$ 131,197,650</b>	<b>\$ 131,228,295</b>	<b>\$ 131,014,266</b>	<b>\$ 125,656,715</b>	<b>\$ 111,260,151</b>	<b>\$ 109,593,483</b>
<b>Support Services:</b>										
Pupil Services	\$ 7,621,024	\$ 6,519,811	\$ 5,730,318	\$ 6,046,167	\$ 5,996,405	\$ 5,850,728	\$ 5,455,159	\$ 5,458,407	\$ 4,834,502	\$ 4,761,912
Instructional Staff Services	6,349,096	5,267,357	5,564,776	5,724,409	5,817,890	5,693,820	6,100,684	6,157,249	5,674,916	5,908,941
General Administration Services	3,799,035	3,282,887	3,142,333	3,125,974	3,543,938	3,887,099	3,472,510	3,240,188	2,804,671	2,832,816
School Administration Services	13,162,091	12,092,041	12,353,777	12,275,950	12,103,622	12,502,101	12,730,382	12,471,358	10,995,718	11,053,196
Business Services	6,049,452	5,343,018	5,197,862	5,105,452	5,393,853	6,027,518	6,139,854	6,060,133	3,610,939	3,562,744
Operations and Maintenance	19,877,946	19,898,009	19,515,510	19,002,296	19,116,137	23,445,428	19,453,645	20,307,390	18,024,076	20,768,191
Pupil Transportation Services	3,757,431	3,078,900	2,897,927	2,597,279	2,988,852	2,970,495	2,922,040	2,734,091	2,560,679	2,728,541
Co-Curricular Activities	8,210,241	7,679,876	7,360,623	7,675,162	7,985,782	6,843,055	5,296,333	5,305,491	4,571,471	5,387,564
Food Service Outlay	9,605,169	8,610,217	7,077,052	7,721,525	8,021,293	7,902,051	7,851,790	7,714,083	6,962,595	7,195,005
Community Services	1,152,379	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>\$ 79,583,864</b>	<b>\$ 71,772,116</b>	<b>\$ 68,840,178</b>	<b>\$ 69,274,214</b>	<b>\$ 70,967,772</b>	<b>\$ 75,122,295</b>	<b>\$ 69,422,397</b>	<b>\$ 69,448,390</b>	<b>\$ 60,039,567</b>	<b>\$ 64,198,910</b>
<b>Total Function</b>	<b>\$ 246,140,726</b>	<b>\$ 214,497,544</b>	<b>\$ 205,236,267</b>	<b>\$ 198,660,658</b>	<b>\$ 202,165,422</b>	<b>\$ 206,350,590</b>	<b>\$ 200,436,663</b>	<b>\$ 195,105,105</b>	<b>\$ 171,299,718</b>	<b>\$ 173,792,393</b>
<b>CLASSIFICATION</b>										
Land	\$ 35,758,164	\$ 15,268,098	\$	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 13,418,098	\$ 13,418,098	\$ 11,395,198	\$ 11,395,198
Buildings and Improvements (Net)	205,477,263	194,769,367			182,987,183	187,055,760		178,251,151	156,734,379	159,248,023
Equipment and Vehicles (Net)	4,905,299	4,460,079	15,268,098				183,094,388		3,170,141	3,149,172
			185,816,628	179,125,068	3,910,141	4,026,732		3,435,856		
<b>Total Capital Assets</b>	<b>\$ 246,140,726</b>	<b>\$ 214,497,544</b>	<b>\$ 205,236,267</b>	<b>\$ 198,660,658</b>	<b>\$ 202,165,422</b>	<b>\$ 206,350,590</b>	<b>\$ 200,436,663</b>	<b>\$ 195,105,105</b>	<b>\$ 171,299,718</b>	<b>\$ 173,792,393</b>

Source of Data: District Accounting Department

## OTHER SUPPLEMENTAL DISTRICT DATA



# BOARD OF EDUCATION OF THE CITY OF FARGO

Summary of Enrollment  
Last Ten Fiscal Years

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<u>YEAR</u>	<u>PRESCHOOL</u>	<u>ELEMENTARY GRADES K-5</u>	<u>MIDDLE SCHOOL GRADES 6-8</u>	<u>HIGH SCHOOL GRADES 9-12</u>	<u>GRAND TOTAL</u>
2013-14	131	5,097	2,376	3,402	11,006
2014-15	136	5,168	2,440	3,392	11,136
2015-16	138	5,216	2,462	3,412	11,228
2016-17	143	5,278	2,515	3,311	11,247
2017-18	154	5,299	2,577	3,356	11,386
2018-19	169	5,217	2,644	3,390	11,420
2019-20	170	5,227	2,748	3,326	11,471
2020-21	189	5,185	2,668	3,215	11,257
2021-22	151	5,283	2,599	3,501	11,534
2022-23	158	5,286	2,512	3,591	11,547

Source of Data: District Accounting Department 2022-23 Operating Budget  
Stars District Pupil Membership Summary

**BOARD OF EDUCATION OF THE CITY OF FARGO**

Schedule of Cost Per Average Daily Membership  
For the Year Ended June 30, 2023

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AVERAGE DAILY MEMBERSHIP	11,476.28	
<u>GENERAL FUND</u>		
<i>Instruction:</i>		
Regular Education	\$ 8,470	
Special Education	3,105	
Vocational Education	644	
Adult Education	104	
<i>Support Services:</i>		
Pupil Services	564	
Instructional Staff Services	470	
General Administrative	281	
School Administrative	974	
Business Services	448	
Operations and Maintenance	1,470	
Pupil Transportation	278	
Co-Curricular	24	
Community Services	85	
	<hr/>	\$ 16,917
CAPITAL PROJECTS		3,280
FOOD SERVICE		711
STUDENT ACTIVITIES		583
DEBT SERVICE		<hr/> 638
TOTAL		<hr/> <u>\$ 22,129</u>

Source of Data: District Accounting Department  
DPI - Stars District Pupil Membership Summary

**SECTION IV**  
**COMPLIANCE SECTION**



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Financial Assistance Listing	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Grantor's Identifying Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through North Dakota Department of Public Instruction:</i>			
	Child Nutrition Cluster:		
10.553	School Breakfast Program	F10553	\$ 876,391
10.555	National School Lunch Program - Cash	F10555 & F10555C	3,131,566
10.555	National School Lunch Program - Commodities**	F10555	<u>449,214</u>
	Total 10.555 Expenditures		3,580,780
10.559	Summer Food Service Program for Children - Cash	F10559	48,902
10.559	Summer Food Service Program for Children - Commodities**	F10559	<u>18,072</u>
	Total 10.559 Expenditures		66,974
10.582	Fresh Fruit and Vegetable Program	F10582	<u>336,747</u>
	Total Child Nutrition Cluster		4,860,892
10.558	Child and Adult Care Food Program	F10558 & F10558A	9,946
10.560	State Administrative Expenses for Child Nutrition	F10560	11,096
<i>Passed through North Dakota State University:</i>			
10.527	New Beginning for Tribal Students Programs	F10527	2,735
<b>Total U.S Department of Agriculture</b>			<b>\$ 4,884,669</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Assistance:</i>			
84.060	Indian Education Grants to Local Education Agencies	N/A	\$ 115,567
<i>Passed through North Dakota Department of Public Instruction:</i>			
84.002	Adult Education - Basic Grants for States	F84002A	277,858
84.010	Title I - Grants to LEA's	F84010	5,138,937
	Special Education Cluster:		
84.027	Special Education - Grants to States	F84027A	3,321,469
84.027	COVID-19 - ARP - Special Education - Grants to States	F84027X	<u>199,655</u>
	Total 84.027 Expenditures		3,521,124
84.173	Special Education - Preschool Grants	F84173	65,729
84.173X	COVID-19 - ARP - Preschool - Grants to States	F84173X	<u>24,434</u>
	Total Special Education Cluster		3,611,287
84.365A	English Language Acquisition Grants	F84365A	59,293
84.367A	Supporting Effective Instruction State Grants	F84367	1,100,502
84.369A	State Assessment Formula Grants (Choice Ready)	F84369A	4,955
84.371	Striving Readers/Comprehensive Literacy State Development (CLSD)	F84371C2	873,044
84.424A	Student Support and Academic Enrichment Program	F84424A	770,341
84.425D	COVID-19 - ARP - Elementary and Secondary School Emergency Relief (ESSER II) Fund	F84425D	7,363,237
84.425U	COVID-19 - ARP - Elementary and Secondary School Emergency Relief (ESSER III) Fund	F84425U	9,370,437
84.425W	COVID-19 - ARP - Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	F84425W	113,141
<i>Passed through North Dakota Department of Human Services:</i>			
84.425	COVID-19 - ARP - Best in Class Grant	N/A	53,990
<i>Passed through North Dakota State University:</i>			
84.425	COVID-19 - ARP - Out of Time Grant	N/A	204
<i>Passed through North Dakota Teacher Support System:</i>			
84.425C	COVID-19 - ARP - Governor's Emergency Education Relief (GEER) Fund	N/A	9,625
	Total 84.425 COVID-19 - ARP Expenditures		<u>16,910,634</u>
<i>Passed through North Dakota Department of Career and Technical Education:</i>			
84.048A	Career and Technical Education - Basic Grants to States	N/A	297,057
<b>Total U.S Department of Education</b>			<b>\$ 29,159,475</b>
<b>US DEPARTMENT OF ENERGY</b>			
<i>Passed through North Dakota Department of Commerce:</i>			
81.041	State Energy Program	N/A	\$ 11,991
<b>Total U.S. Department of Energy</b>			<b>\$ 11,991</b>
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>			
<i>Passed through North Dakota Department of Human Services:</i>			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	N/A	\$ 95,267
93.576	Refugee and Entrant Assistance Discretionary Grants	N/A	50,576
<b>Total U.S Department of Human Services</b>			<b>\$ 145,843</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 34,201,978</b>

\*\*Noncash Assistance

See Notes to the Schedule of Expenditures of Federal Awards

## **BOARD OF EDUCATION OF THE CITY OF FARGO**

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

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### **NOTE 1: BASIS OF ACCOUNTING AND PRESENTATION**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the Board of Education of the City of Fargo under programs of the federal government for the year ended June 30, 2023. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Board of Education of the City of Fargo, it is not intended to and does not present the financial position or changes in fund balance or net position of the Board of Education of the City of Fargo. Expenditures represent only the federally funded portions of the program. School District records should be consulted to determine amounts expended or matched from non-federal sources.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the *Uniform Guidance*, wherein certain types of expenditures are allowable or are limited as to reimbursement. No amounts were passed through to subrecipients.

### **NOTE 3: NON-CASH AWARDS**

The commodities reported on the schedule are the value of the supplemental food program distributed by the District during the year as priced by the North Dakota Department of Public Instruction.

### **NOTE 4: PASS-THROUGH GRANT NUMBER**

For federal programs marked "N/A", the Board of Education of the City of Fargo was unable to obtain a pass-through grant number.

### **NOTE 5: INDIRECT COST RATE**

The Board of Education of the City of Fargo has not elected to use the 10-percent de minimis cost rate as allowed under Uniform Guidance.



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

The School Board of  
Fargo Public Schools  
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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fargo Public Schools (the “District”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
November 28, 2023



**Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The School Board of  
Fargo Public Schools  
Fargo, North Dakota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Fargo Public Schools’ (the District) 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 each of the District’s major federal programs for the year ended June 30, 2023. The District’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 District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Each 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 District 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 District’s compliance with the compliance requirements referred to above.

### ***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 District'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 District'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 District's compliance with the requirements of each 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 District'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 District'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 District'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.



Fargo, North Dakota  
November 28, 2023

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
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/CFDA Number
COVID-19 Education Stabilization Fund	84.425, 84.425C, 84.425D, 84,425U, 84,425W
Title I Grant to LEA's	84.010
Title II - Supporting Effective Instruction State Grant	84.367
Dollar threshold used to distinguish between type A and type B programs:	\$ 1,026,059
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None reported.

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**Section III – Federal Award Findings and Questioned Costs**

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None reported.