

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



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, 2022

Dr. Rupak Gandhi, Superintendent

Prepared by:
Dustin Foster

BOARD OF EDUCATION OF THE CITY OF FARGO

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BOARD OF EDUCATION OF THE CITY OF FARGO

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SECTION I
INTRODUCTORY SECTION





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December 5, 2022

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

INTRODUCTION

The Annual Comprehensive Financial Report 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, 2022, and the results of operations for the fiscal year 2022. 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. Eide Bailly LLP audits this report.

REPORT FORMAT

This 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 Management 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 report of the independent auditor.

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). An independent auditor's report and a Schedule of Expenditures of Federal Awards are issued in separate documents.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all 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 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, 2022

The Fargo Public School District 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 Service and transportation are provided as supporting programs. The district's community education programs include Early Childhood and Family Education, Adult Basic 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 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 11,534 students in 2021-22 from an estimated population of 126,748 in the city of Fargo, and the projected enrollment is expected to remain stable or grow. The district employs approximately 2,204 people, including 1,120 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 2021-22 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. Our oldest building had approximately \$2.9 million in renovations in the past five years and the remaining buildings average 42 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 us achieve our educational results by combing 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. They include:

- Renovations to accommodate growth in the Early Childhood Special Education Program.
- Selling the old District Office after the relocation of the current District Office.
- Building use adjustment for ancillary programming.
- Construction of the North High School track and field
- Remodeling of elementary school buildings to enhance security.
- Explore potential new sites for the remaining programs located in the Agassiz building.
- Analyze the land options for a future elementary and high school site.
- Develop a new long-range operational maintenance plan.
- Resolve the District's south side enrollment increases.

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 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 2.1%. Unemployment is expected either to remain stable or decrease in the near future because overall construction in the Fargo metro area continues to be robust. In the 2022 building permit report, Fargo issued 1,165 permits and exceeded \$570 million in projected construction.

BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued
For the Year Ended June 30, 2022

STRATEGIC PLANNING

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 2014-2015 school year, a 54-member Strategic Planning Steering Committee created a new Strategic Plan. The committee met over a series of meetings throughout the winter and spring. The planning was far-reaching and multifaceted, engaging our constituents through surveys and forums for feedback.

The Strategic Plan provides the District with a 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 new Strategic Plan is proactive and provides a road map to create the kind of educational experiences we want for our children. 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 see the detailed Strategic Plan visit: 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

Fargo Public Schools is committed to excellence through a student-centered learning environment supported by positive collaborations with students, staff, parents, school, and community.

A Fargo Public Schools 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 the 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 Fargo Public Schools are committed to:

- Believing that all students can learn and grow.
- Creating a supportive and positive school climate.
- Ensuring that 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, 2022

STUDENT ASSESSMENT AND TESTING

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

NORTH DAKOTA STATE ASSESSMENT (NDSA)

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

The 2021-22 school year was unique with a portion of our 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 chose to participate in state testing and was 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

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 20 stories, which increase in difficulty, are used for the assessment.

MEASURES OF ACADEMIC PERFORMANCE (MAP) TESTING

Students in grades 2-9 take the MAP tests in the winter of each year. Students are required to take the 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 Assessment provides for 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 the Alternate Assessment, the student's scores are integrated into the schools', districts', and the state's overall student achievement database.

BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued
For the Year Ended June 30, 2022

AMERICAN COLLEGE TEST

In 2021-22, the district's high school seniors continued to score above both state and national average composite scores on the American College Test (ACT) entrance exam. The district's students' average composite score of 20.1 compared to a state average of 19.6. Also, in 2020-21, the State-administered a mandatory ACT for all juniors. The district's average composite score for juniors was 20.3 and the state average was 19.1. The average composite score of the district's 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 need 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 whole class and small group instruction. AVMR assessments are given three times per year to all Fargo Public School students in grades K-2, and students in grades 3-5 once a building has focused professional development on mathematics.

NATIONAL AWARDS AND RECOGNITION

- The Fargo Public Schools has been named to the NAMM Foundation's (National Association of Music Merchants) best communities for music education. This is the 19th year in a row that the district has been named to the "Best Communities" list.
- The Fargo Public Schools were named to the United Way's Most Generous Workplaces List.
- Our three high schools, Davies, North, and South have all received the National Athletic Trainers' Association (NATA) safe sports school awards. The award champions safety and recognizes secondary schools that provide safe environments for student-athletes.

ATTENDANCE, GRADUATION, AND EXTRA-CURRICULAR ACTIVITIES

The Board of Education of the City of Fargo has a 91% average daily attendance rate, and more than 64% of student's grades 6-12 participate in extra-curricular activities. Sixty-three percent of our teachers hold a master's degree or higher, and approximately 6.6% of the District's students in grades 1-8 are enrolled in gifted and talented instruction. Nearly 40% of our students in grades 9-12 studied a foreign language and the graduation rate is 83%.

INTERNAL CONTROL SYSTEM

The district's management assumes full responsibility for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, misuse, or theft, and to ensure that adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). We believe that the district's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions. The concept of reasonable assurance recognizes that the cost of these controls should not exceed the anticipated benefits, and the objective is to provide reasonable, rather than an 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.

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 25th and filed by the Auditor no later than October 10th. Budgetary control is established at the fund level. All financial transactions of the district are accounted for in specific funds. The accounting system provides for complete, self-balancing accounts for each fund of the district. This system provides budgetary control for activities of the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. 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, 2022

DEBT ADMINISTRATION

The total outstanding bonded debt of the district on June 30, 2022, amounted to \$88,694,370. The bonds mature at various dates to the year 2042. The district's bond rating is Aa2 based on Moody's Investors Service. This rating reflects the district's sound financial operations evidenced by healthy reserve and liquidity levels, diverse and expanding regional economy, but above average debt burden.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The district's major revenue source is state aid followed by property tax revenue. Instruction remains the district's largest expenditure and is the expenditure which has seen 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 districts 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, 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 term and long-term changes. Managing the district's investment in facilities is a major area of concern. Renovations and repairs are underway at various locations and construction has started on the Fargo North track project. 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

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to the district for its ACFR for the fiscal year ended June 30, 2022. This award is presented to governmental units that publish a ACFR that is easily readable, efficiently organized, and conforms to the program standards, as well as generally accepted accounting principles and applicable legal requirements. We believe 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 people. I acknowledge the efforts of the entire district office staff for their dedication and to the School Board for their encouragement and leadership.



Jackie Gapp, CPA, SFO
Business Manager

BOARD OF EDUCATION OF THE CITY OF FARGO

School Board, Administration, and Audit Personnel
For the Year Ended June 30, 2022

SCHOOL BOARD

Rebecca Knutson	President
Robin Nelson	Vice President
Nikkie Gullickson	Board Member
Seth Holden	Board Member
Brian Nelson	Board Member
Jennifer Benson	Board Member
Jim Johnson	Board Member
Dr. Tracie Newman	Board Member
David Paulson	Board Member

ADMINISTRATION

Dr. Rupak Gandhi	Superintendent
Dr. Robert Grosz	Associate Superintendent
Missy Eidsness	Associate Superintendent
Doug Andring	Director of Human Resources
Jackie Gapp, CPA, SFO	Business Manager
Joy Retterath, CPA	Director of Accounting

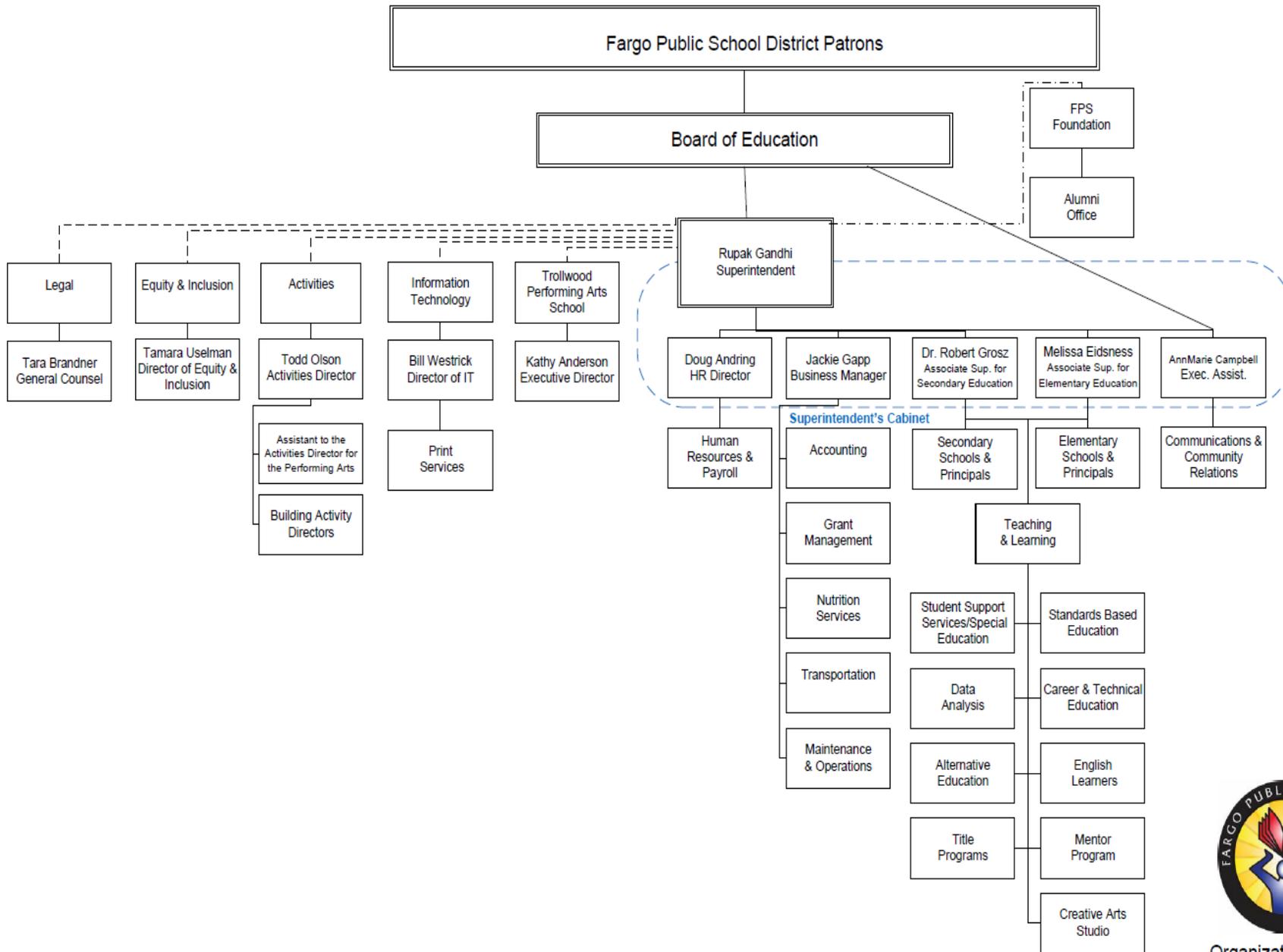
AUDIT PERSONNEL

Derek Flanagan, CPA	Audit Partner
Courtney Richman, CPA	Audit Senior Manager

BOARD OF EDUCATION OF THE CITY OF FARGO

Organizational Chart

For the Year Ended June 30, 2022



Organizational Chart

BOARD OF EDUCATION OF THE CITY OF FARGO

ASBO Certificate of Excellence in Financial Reporting
For the Year Ended June 30, 2022



**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, 2021.**

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



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter
President



A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
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, 2022, 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, 2022, 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.

Adoption of New Accounting Standard

As discussed in Notes 2, 8, and 9 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Correction of Error

As discussed in Note 2 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for payroll liabilities as of June 30, 2021, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the general fund and other governmental funds fund balance and governmental activities net position as of June 30, 2021, to correct the error. Our opinions are not modified with respect to that matter.

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

The 2021 financial statements of Fargo Public Schools were audited by other auditors whose report dated January 14, 2022, contained an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 December 5, 2022, 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
December 5, 2022

BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2022

As the management of the Board of Education of the City of Fargo (also known as Fargo Public School District), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Fargo Public Schools for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished. The intent of this discussion and analysis is to look at the district's financial performance as a whole.

Financial Highlights

- The assets and deferred outflows of the Fargo Public School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,419,073 (Net Position). Of this amount, \$130,640,938 (Unrestricted Net Position) is a negative number, so it cannot be used to meet ongoing obligations.
- The Fargo Public School District's total net position increased by \$14,034,480 as a result of the current year's operation.
- The Fargo Public School District's total revenues from all sources were \$217,166,709. Total expenses were \$204,743,258.
- At the close of the current fiscal year, The Fargo Public School District's governmental funds reported combined ending fund balances of \$62,146,283, an increase of \$10,526,041 in comparison with the prior year. Approximately 58.92% or \$36,618,457 is available for spending through an unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is 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 school 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 school 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, 2022

Figure 1 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 Management’s Discussion and Analysis 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, such as Food Service.	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 resources 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 that are 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, 2022

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 Fargo Public School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. 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 unrestricted net position and are not obligated out of current resources to pay upcoming obligations. Not considering the effects of the pension items, the unrestricted net position would have increased from the prior year and would be \$43,871,444. That amount of unrestricted net position is available to meet the district's ongoing obligations. We believe that amount of unrestricted net position, not considering the effects of pension and OPEB items, is enough to meet our ongoing obligations.

	<u>2022</u>	<u>2021</u>
Assets		
Current and Non-Current Assets	\$ 80,263,276	\$ 70,627,430
Capital Assets (Net of Depreciation)	231,468,290	230,876,115
Right-to-Use Assets (Net of Amortization)	291,627	-
Total Assets	<u>\$ 312,023,193</u>	<u>\$ 301,503,545</u>
Deferred Outflows of Resources		
Derived from Pension and OPEB	<u>\$ 47,160,914</u>	<u>\$ 74,837,343</u>
Liabilities		
Current Liabilities	\$ 9,992,165	\$ 11,154,177
Long-Term Liabilities	234,023,650	334,140,298
Total Liabilities	<u>\$ 244,015,815</u>	<u>\$ 345,294,475</u>
Deferred Inflows of Resources		
Derived from Pension and OPEB	\$ 88,237,025	\$ 18,661,820
Derived from Leases	512,194	-
Total Deferred Inflows of Resources	<u>\$ 88,749,219</u>	<u>\$ 18,661,820</u>
Net Position		
Net Investment in Capital Assets	\$ 138,299,778	\$ 138,687,072
Restricted	18,760,233	10,783,055
Unrestricted	<u>(130,640,938)</u>	<u>(137,085,534)</u>
Total Net Position	<u>\$ 26,419,073</u>	<u>\$ 12,384,593</u>

BOARD OF EDUCATION OF THE CITY OF FARGOManagement's Discussion and Analysis (MD&A) – Continued
For the Year Ended June 30, 2022

Current assets increased mainly from the increased amount of cash balances at the District during the year. Capital assets increased mainly because of construction in progress on the Clara Barton security entrances, Davies garages, Discovery renovation, and Trollwood storage building being completed. Right-to-use assets increased during the year with the adoption of GASB 87 and its recognition of leased assets. The deferred outflows of resources decreased with the change in change of assumptions on pension and OPEB investments. Current liabilities decreased primarily as a result of decreased accounts payable. Long-term liabilities due within one year decreased due to a reevaluation of the classification of long-term payroll liabilities. Long-term liabilities due outside one year decreased due a decrease in the net pension and OPEB liability. Deferred inflows of resources increased as a result of the difference between expected and actual experience and changes of assumptions. Net investment in capital assets remained consistent with the prior year. Restricted net position increased as a result of the increase in cash at the District.

Governmental activities increased the Fargo Public School District's net position by \$12,423,455 (without restatement). Key elements of this increase are as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues		
Charges for Services	\$ 6,502,849	\$ 4,825,698
Operating Grants and Contributions	40,457,991	31,851,962
Capital Grants and Contributions	106,566	915,093
General Revenues		
Taxes	68,903,780	65,251,261
State Aid	99,386,242	101,237,015
Interest and Other Revenue	1,809,281	2,293,467
Total Revenues	<u>\$ 217,166,709</u>	<u>\$ 206,374,496</u>
Expenses		
Instruction	\$ 135,317,117	\$ 140,803,126
Support Services		
Pupil Services	6,181,608	5,914,521
Instructional Staff Services	5,011,561	5,743,601
General Administration Services	3,092,448	3,243,108
School Administration Services	11,503,836	12,810,030
Business Services	4,640,293	5,187,818
Operations and Maintenance	15,127,100	19,020,338
Pupil Transportation Services	2,936,339	2,991,426
Co-Curricular Services	7,069,152	6,633,570
Food Services	8,224,383	7,331,939
Community Services	1,227,476	780,709
Capital Outlay	2,030,595	-
Interest and Other Charges on Long-Term Debt	2,381,346	2,234,844
Total Expenses	<u>\$ 204,743,254</u>	<u>\$ 212,695,030</u>
Change in Net Position	<u>\$ 12,423,455</u>	<u>\$ (6,320,534)</u>
Net Position – July 1	<u>\$ 12,384,593</u>	<u>\$ 18,704,283</u>
Prior Period Adjustment	<u>\$ 1,611,025</u>	<u>\$ 844</u>
Net Position – June 30	<u>\$ 26,419,073</u>	<u>\$ 12,384,593</u>

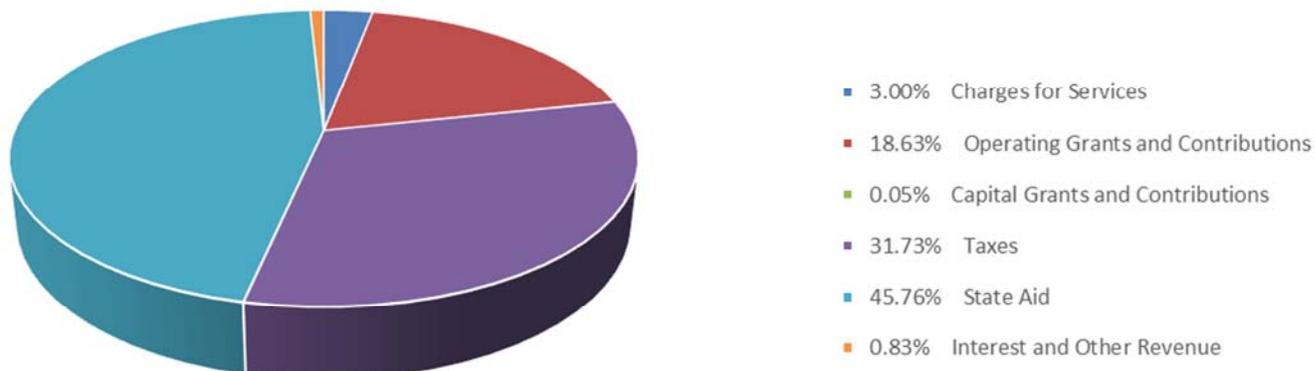
Total revenues increased mainly from an increase in property taxes as the result of higher assessed property values and an increase in operating grants. Expenses increased due to increases in salaries and benefits paid by the district.

BOARD OF EDUCATION OF THE CITY OF FARGO

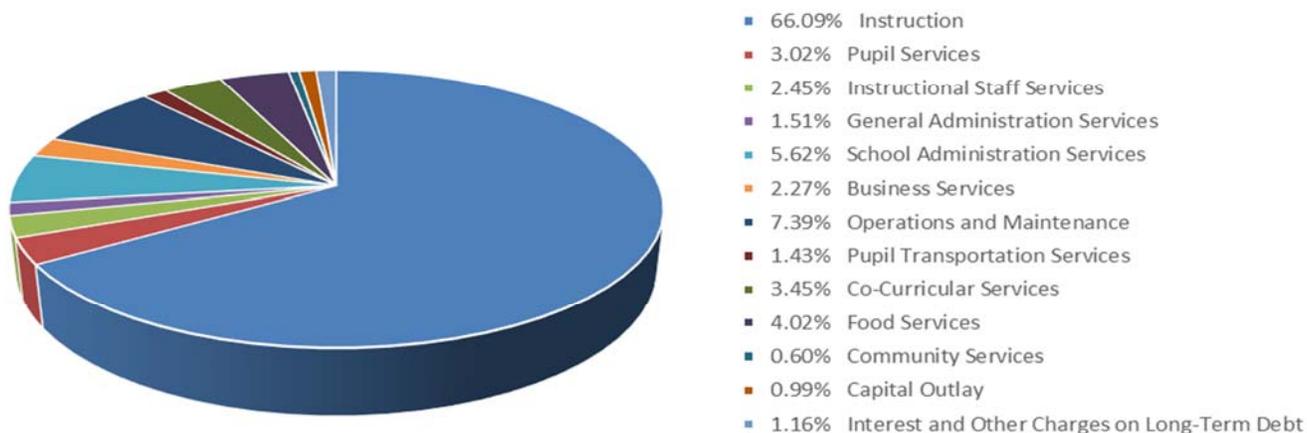
Management’s Discussion and Analysis (MD&A) – Continued
For the Year Ended June 30, 2022

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 for Fiscal Year 2022



Expenses of the Board of Education of the City of Fargo for Fiscal Year 2022



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 while property taxes remained stable. The cost of all governmental activities this year was \$204,743,254 compared to \$212,695,030 for the year ended June 30, 2021.

- Some of the cost was paid for by the users of the district’s programs (\$6,502,849).
- The Federal and State governments subsidized certain programs with grants and contributions for operating purposes (\$40,564,557).
- Most of the district’s revenues (\$170,099,303) were funded by district taxpayers and the taxpayers of the State of North Dakota and is comprised of property taxes (\$68,903,780), state aid based on the statewide education aid formula (\$99,386,242), and with investment earnings and other general revenues (\$1,809,281).

BOARD OF EDUCATION OF THE CITY OF FARGOManagement's Discussion and Analysis (MD&A) – Continued
For the Year Ended June 30, 2022

	2022		2021	
	Total Cost of Service	Net (Expense) Revenue	Total Cost of Service	Net (Expense) Revenue
Regular Instruction	\$ 92,730,017	\$ (70,377,396)	\$ 96,292,559	\$ (78,886,294)
Special Instruction	34,268,813	(28,674,094)	36,092,896	(30,742,216)
Vocational Education	7,232,123	(5,886,291)	7,276,690	(6,156,657)
Adult Education	1,086,164	(328,818)	1,140,981	(352,201)
Pupil Services	6,181,608	(5,554,755)	5,914,521	(5,398,695)
Instructional Staff Services	5,011,561	(5,011,561)	5,743,601	(5,743,601)
General Administration Services	3,092,448	(3,092,448)	3,243,108	(3,243,108)
School Administration Services	11,503,836	(11,503,836)	12,810,030	(12,810,030)
Business Services	4,640,293	(4,498,609)	5,187,818	(5,027,543)
Operations and Maintenance	15,127,100	(14,329,216)	19,020,338	(18,996,008)
Pupil Transportation Services	2,936,339	(1,834,050)	2,991,426	(2,195,247)
Co-Curricular	7,069,152	(3,971,691)	6,633,570	(3,859,215)
Food Service Outlays	8,224,383	2,234,916	7,331,939	236,305
Community Services	1,227,476	(436,058)	780,709	307,077
Capital Outlay	2,030,595	(2,030,595)	-	-
Interest and Fees on Long-Term Debt	2,381,346	(2,381,346)	2,234,844	(2,234,844)
Total	\$ 204,743,254	\$ (157,675,848)	\$ 212,695,030	\$ (175,102,277)

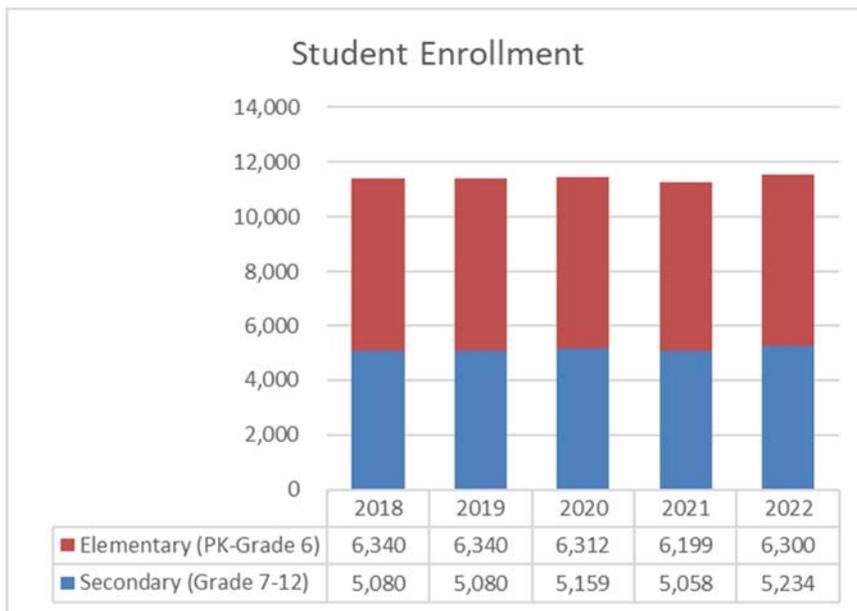
The "Net (Expense) Revenue" column is calculated by subtracting total program revenues from the expenses of each function. If the expenses of the district's functions surpass the program revenues, negative numbers result in the Statement of Activities, representing a net expense or net cost to the general 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 general 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, 2022

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 11,534. The fiscal year 2022 saw a 277-student increase in enrollment. The district saw enrollment numbers return to normal growth enrollment rates seen before the COVID-19 pandemic. Because of the continuing strong development of new residential areas, we anticipate that the total number of students will increase slightly or remain stable in the future.



The following schedule presents a summary of General Fund revenues:

	Fiscal Year 2022	Fiscal Year 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 60,500,759	\$ 59,840,738	\$ 660,021	1.10%
State Sources	104,388,040	105,424,508	(1,036,468)	-0.98%
Federal Sources	24,551,201	19,809,551	4,741,650	23.94%
Other Sources	63,993	43,393	20,600	47.47%
Total Revenue	\$ 189,503,993	\$ 185,118,190	\$ 4,385,803	2.37%

During fiscal year 2022, the total General Fund revenue increased by \$4,385,803, or 2.37%, from the previous 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:

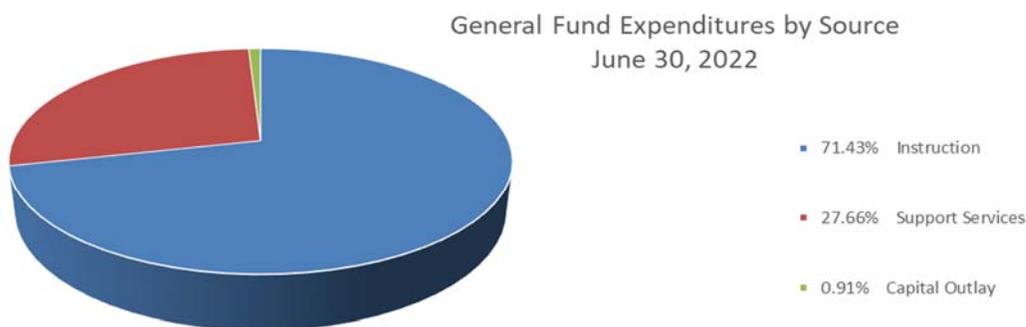
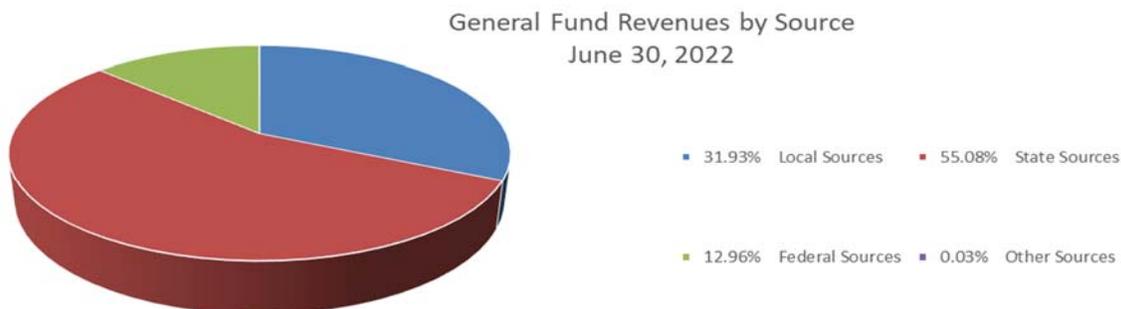
	Fiscal Year 2022	Fiscal Year 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Instruction	\$ 133,425,035	\$ 125,756,931	\$ 7,668,104	6.10%
Support Services	51,660,602	50,382,270	1,278,332	2.54%
Capital Outlay	1,696,913	-	1,696,913	0.00%
Total Expenditures	\$ 186,782,550	\$ 176,139,201	\$ 10,643,349	6.04%

During fiscal year 2022, the total General Fund expenditures increased by \$10,643,349, or 6.04%, from the previous year. In fiscal year 2022, Instruction costs increased because of negotiated salary increases, along with increases in the required contributions to both TFFR (Teachers fund for Retirement) and the PERS (Public Employees Retirement System).

BOARD OF EDUCATION OF THE CITY OF FARGO

Management’s Discussion and Analysis (MD&A) – Continued
 For the Year Ended June 30, 2022

During fiscal year 2022, General Fund expenditures exceeded revenues and other financing sources (uses) by \$1,414,820 (without restatement), resulting in a total fund balance of \$37,278,461, compared to a fund balance in 2021 of \$37,003,651.



General Fund Budgetary Highlights

During fiscal year 2022, there was a \$1,518,142 decrease in appropriations between the original and final revenue budget and a decrease of \$1,496,314 between the original and final expenditure budget. The actual revenue amount was less than the final budget by \$5,213,145. Most of this difference resulted from lower than projected Federal and State grant receipts. The actual expenditure amount was less than the final budget by \$3,552,156. The difference in expenditures from the final budget compared to actual was mainly from lower-than-expected instructional costs.

REVENUES				
	Original Budget	Amended Budget	Actual	Variance with Final Budget
General Fund	\$ 196,235,280	\$194,717,138	\$189,503,993	\$ (5,213,145)

EXPENDITURES				
	Original Budget	Amended Budget	Actual	Variance with Final Budget
General Fund	\$ 191,831,020	\$190,334,706	\$186,782,550	\$ (3,552,156)

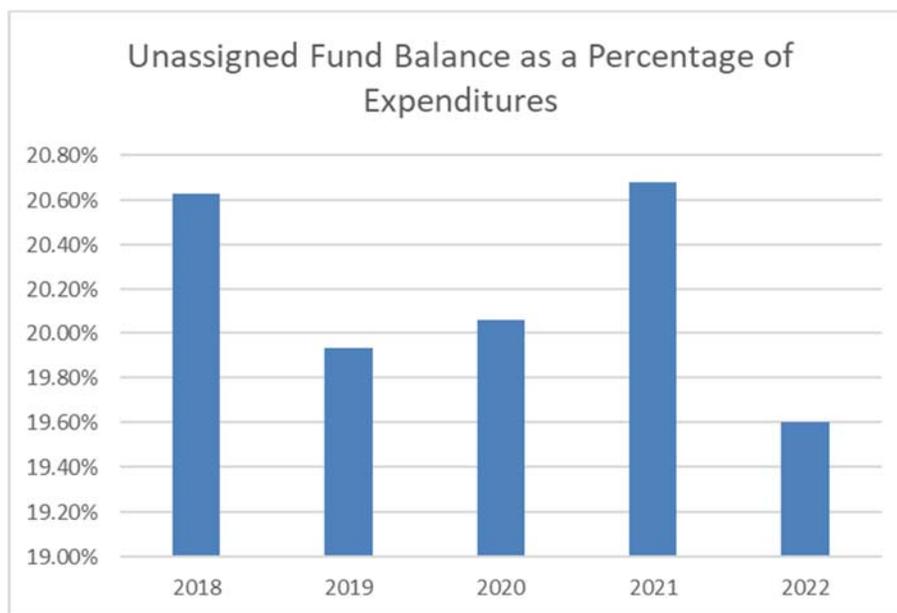
BOARD OF EDUCATION OF THE CITY OF FARGO

Management’s Discussion and Analysis (MD&A) – Continued
 For the Year Ended June 30, 2022

**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
2013	\$26,712,765	\$ -	\$135,287,423	\$130,758,712	\$ (4,821,426)	\$26,420,050
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

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



The graph above is one of the best measures of overall financial health. The unassigned fund balance of \$36,618,457 on June 30, 2022, represents 19.60% 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% and has surpassed it since the fiscal year 2002. 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 our bonds when due. The use of a debt service fund allows us to report principal, interest, and other related costs separate from the ongoing operating activities of the general fund.

BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued
 For the Year Ended June 30, 2022

The following schedule presents a summary of Debt Service Fund revenues:

	Year Ended June 30, 2022	Year Ended June 30, 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources and Other Financing Sources	\$ -	\$ -	\$ -	0%

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

The following schedule presents a summary of Debt Service Fund expenditures:

	Year Ended June 30, 2022	Year Ended June 30, 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Principal	\$ 6,354,256	\$ 5,761,392	\$ 592,864	10.29%
Interest	2,649,516	2,623,595	25,921	0.99%
Total Expenditures	\$ 9,003,772	\$ 8,384,987	\$ 618,785	7.38%

Total Debt Service Fund expenditures increased by \$618,785, or 7.38%, from the previous year. During fiscal year 2022, debt service expenditures increased due to there being a new bond issued during the year.

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 are reported. The use of a capital projects fund allows us 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, 2022	Year Ended June 30, 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources and Other Financing Sources	\$ 27,441,653	\$ 29,842,103	\$ (2,400,450)	-8.04%

Total Capital Projects Fund revenues and other financing sources decreased by \$2,400,450 or 8.04%, from the previous year. The primary reason for this decrease was the sale of the \$7,920,000 2022A Limited Tax Bond in fiscal year 2022 in comparison to fiscal year 2021 with the sale of the \$11,205,000 2020 Limited Tax Refunding Bond.

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

	Year Ended June 30, 2022	Year Ended June 30, 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operations and Maintenance	\$ 1	\$ 549,850	\$ (549,849)	-100.00%
Capital Outlay	3,992,480	16,765,000	(12,772,520)	-76.19%
Principal	20,164	19,485	679	3.48%
Interest	27,222	28,068	(846)	-3.01%
Bond Costs	333,843	185,623	148,220	79.85%
Other Financing Uses	15,195,970	13,871,491	1,324,479	9.55%
Total Expenditures	\$ 19,569,680	\$ 31,419,517	\$ (11,849,837)	-37.71%

Total Capital Projects Fund expenditures and other financing uses decreased by \$11,849,837, or 37.71%, from the previous year. During fiscal year 2022, capital outlay expenditures decreased in comparison to 2021 due to there not being as many projects in 2022 than 2021.

BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued
For the Year Ended June 30, 2022

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the Fargo Public School District had \$231,468,290 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>2022</u>	<u>2021</u>
Land	\$ 15,268,098	\$ 15,268,098
Buildings and Improvements	194,769,367	185,816,628
Equipment and Vehicles	4,460,079	4,151,542
Construction in Progress	16,970,746	25,639,847
Total Capital Assets, Net	<u>\$ 231,468,290</u>	<u>\$ 230,876,115</u>

Buildings and improvements increased and Construction in Progress decreased due to the completion of the Clara Barton security entrance, Davies Garages, Discovery Middle School renovation, 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 6 to the financial statements.

Right-to-Use Assets

As of June 30, 2022, the Fargo Public School District had \$291,627 invested in right-to-use assets (net of accumulated amortization). This investment includes various leases the District is involved in.

	<u>2022</u>	<u>2021</u>
Right-to-Use Assets	\$ 291,627	\$ -
Total Right-to-Use Assets, Net	<u>\$ 291,627</u>	<u>\$ -</u>

Long-Term Liabilities

At the end of the current fiscal year, the district had \$234,023,650 in long-term liabilities. Of this amount, \$89,301,439 is long-term debt, \$4,718,205 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 \$1,545,580. The key factor for this increase is the issuance of the 2022A Limited Tax Bond. More detailed information about the district's long-term liabilities is presented in Note 10 to the financial statements.

	<u>2022</u>	<u>2021</u>
Long-Term Bond Premium	\$ 4,478,338	\$ 5,060,417
Long-Term Debt		
General Obligation Bonds Payable	\$ 88,124,371	\$ 86,283,625
Special Assessments Payable	607,068	627,234
Building Authority Revenue Bonds Payable	570,000	845,000
Total Long-Term Debt	<u>\$ 89,301,439</u>	<u>\$ 87,755,859</u>
Long-Term Payroll Liabilities		
Compensated Absences Payable	\$ 515,350	\$ 569,203
Unused Personal Leave Payable	837,932	-
Sick Leave Longevity Payable	441,548	72,473
PTO Payable	376,036	466,700
Paid Leave System Payable	4,861,499	3,797,360
Total Long-Term Payroll Liabilities	<u>\$ 7,032,365</u>	<u>\$ 4,905,736</u>
Long-Term Lease Liability	<u>\$ 287,431</u>	<u>\$ -</u>
Net Pension	<u>\$ 132,924,077</u>	<u>\$ 236,418,286</u>
Total Long-Term Liabilities	<u>\$ 234,023,650</u>	<u>\$ 334,140,298</u>

BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued
For the Year Ended June 30, 2022

Economic Factors and Next Year's Budget

Fargo Public Schools 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 200 students for the upcoming year. Future growth is predicted to be approximately 100 students per year.

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 additional funding received through the Elementary and Secondary School Emergency Relief Fund.

We will continue to work diligently to focus efforts on efficiencies and strong fiscal stewardship as we look forward to our future of educating and empowering all students to succeed.

Requests for Information

This financial report is designed to provide a general overview of the Fargo Public School District's finances for all our 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, 2022 (Summarized Comparative Totals 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Current Assets		
Cash and Investments	\$ 63,300,254	\$ 54,046,453
Accounts Receivable	965,670	101,132
Taxes Receivable	3,380,238	2,792,094
Intergovernmental Receivable	7,948,776	11,092,229
Lease Receivable	512,194	-
Due from County Treasurer	1,102,162	112,875
Inventories	863,982	977,647
Notes Receivable	280,000	1,110,000
Total Current Assets	\$ 78,353,276	\$ 70,232,430
Non-Current Assets		
Notes Receivable	\$ 1,910,000	\$ 395,000
Capital Assets (Not Being Depreciated)		
Land	15,268,098	15,268,099
Construction in Progress	16,970,746	25,639,847
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	194,769,367	185,816,628
Equipment and Vehicles	4,460,079	4,151,541
Right-to-Use Assets (Net of Accumulated Amortization)		
Right-to-Use Assets	291,627	-
Total Non-Current Assets	\$ 233,669,917	\$ 231,271,115
Total Assets	\$ 312,023,193	\$ 301,503,545
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 47,160,914	\$ 74,837,343
Total Assets and Deferred Outflows of Resources	\$ 359,184,107	\$ 376,340,888
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 414,355	\$ 3,449,920
Salaries and Benefits Payable	5,676,947	2,950,083
Due to Other Agencies	162,244	131,114
Contracts Payable	91,469	787,740
IBNR Claims	2,074,467	2,230,000
Interest Payable	1,167,512	1,084,457
Unearned Revenue - Food Service Commodities	126,393	225,129
Unearned Revenue - Food Service Lunch Credits	278,778	295,734
Total Current Liabilities	\$ 9,992,165	\$ 11,154,177
Long-Term Liabilities		
Due Within One Year		
Long-Term Bond Premium	\$ 712,290	\$ 687,628
Long-Term Lease Liability	81,534	-
Long-Term Debt	4,718,205	6,374,420
Long-Term Payroll Liabilities	209,502	2,388,408
Due After One Year		
Long-Term Bond Premium	3,766,048	4,372,789
Long-Term Lease Liability	205,897	-
Long-Term Debt	84,583,234	81,381,439
Long-Term Payroll Liabilities	6,822,863	2,517,328
Net Pension and OPEB Liability	132,924,077	236,418,286
Total Long-Term Liabilities	\$ 234,023,650	\$ 334,140,298
Total Liabilities	\$ 244,015,815	\$ 345,294,475
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 88,237,025	\$ 18,661,820
Derived from Leases	512,194	-
Total Deferred Inflows of Resources	\$ 88,749,219	\$ 18,661,820
Total Liabilities and Deferred Inflows of Resources	\$ 332,765,034	\$ 363,956,295
NET POSITION		
Net Investment in Capital Assets	\$ 138,299,778	\$ 138,687,072
Restricted		
Capital Projects	18,760,233	10,783,055
Unrestricted	(130,640,938)	(137,085,534)
Total Net Position	\$ 26,419,073	\$ 12,384,593

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, 2022 (Summarized Comparative Totals 2021)

Functions/Programs	2022				2021	
	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		
Governmental Activities						
Instruction						
Regular	\$ 92,730,017	\$ 840,070	\$ 21,512,551	\$ -	\$ (70,377,396)	\$ (78,886,294)
Special Instruction	34,268,813	356,626	5,238,093	-	(28,674,094)	(30,742,216)
Vocational Education	7,232,123	299,089	1,046,743	-	(5,886,291)	(6,156,657)
Adult Education	1,086,164	14,823	742,523	-	(328,818)	(352,201)
Support Services						
Pupil Services	6,181,608	626,853	-	-	(5,554,755)	(5,398,695)
Instructional Staff Services	5,011,561	-	-	-	(5,011,561)	(5,743,601)
General Administration Services	3,092,448	-	-	-	(3,092,448)	(3,243,108)
School Administration Services	11,503,836	-	-	-	(11,503,836)	(12,810,030)
Business Services	4,640,293	141,684	-	-	(4,498,609)	(5,027,543)
Operations and Maintenance	15,127,100	47,884	750,000	-	(14,329,216)	(18,996,008)
Pupil Transportation Services	2,936,339	-	1,102,289	-	(1,834,050)	(2,195,247)
Co-Curricular	7,069,152	2,574,370	416,525	106,566	(3,971,691)	(3,859,215)
Food Services Outlay	8,224,383	810,032	9,649,267	-	2,234,916	236,305
Community Services	1,227,476	791,418	-	-	(436,058)	307,077
Capital Outlay	2,030,595	-	-	-	(2,030,595)	-
Interest and Fees on Long-Term Debt	2,381,346	-	-	-	(2,381,346)	(2,234,844)
Total Governmental Activities	\$ 204,743,254	\$ 6,502,849	\$ 40,457,991	\$ 106,566	\$ (157,675,848)	\$ (175,102,277)
General Revenues						
Taxes						
Property Taxes - Levied for General Purposes					\$ 54,885,487	\$ 51,966,845
Property Taxes - Levied for Debt Service					12,198,836	11,517,401
Other Tax Revenue					1,819,457	1,767,015
State Aid not Restricted to Specific Program						
Per Pupil Aid					99,386,242	101,237,015
Interest Income and Other Revenue					1,809,281	2,293,467
Total General Revenues					\$ 170,099,303	\$ 168,781,743
Change in Net Position					\$ 12,423,455	\$ (6,320,534)
Net Position - July 1					\$ 12,384,593	\$ 18,704,283
Prior Period Adjustments					\$ 1,611,025	\$ 844
Net Position - July 1, as Restated					\$ 13,995,618	\$ 18,705,127
Net Position - June 30					\$ 26,419,073	\$ 12,384,593

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, 2022 (Summarized Comparative Totals 2021)

	Major Funds				Total Governmental Funds	
	General	Debt	Capital	Other	2022	2021
	Fund	Service Fund	Projects Fund	Governmental Funds		
ASSETS						
Cash and Investments	\$ 32,836,328	\$ -	\$ 18,029,006	\$ 6,836,692	\$ 57,702,026	\$ 47,172,062
Accounts Receivable	886,877	-	-	64,055	950,932	98,786
Taxes Receivable	2,775,920	-	604,318	-	3,380,238	2,792,094
Intergovernmental Receivable	7,915,334	-	-	33,442	7,948,776	11,092,229
Lease Receivable	500,020	-	12,174	-	512,194	-
Due from County Treasurer	905,118	-	197,044	-	1,102,162	112,875
Notes Receivable	570,000	-	1,620,000	-	2,190,000	1,505,000
Inventories	660,004	-	-	203,978	863,982	977,647
Total Assets	\$ 47,049,601	\$ -	\$ 20,462,542	\$ 7,138,167	\$ 74,650,310	\$ 63,750,693
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 61,249	\$ -	\$ 4,034	\$ 20,481	\$ 85,764	\$ 3,449,920
Salaries and Benefits Payable	5,676,947	-	-	-	5,676,947	2,943,720
Contracts Payable	24,760	-	66,101	608	91,469	787,740
Due to Other Agencies	162,244	-	-	-	162,244	131,114
Unearned Revenue - Food Service Commodity Inventory	-	-	-	126,393	126,393	225,129
Unearned Revenue - Food Service Lunch Credits	-	-	-	278,778	278,778	295,734
Total Liabilities	\$ 5,925,200	\$ -	\$ 70,135	\$ 426,260	\$ 6,421,595	\$ 7,833,357
Deferred Inflows of Resources						
Uncollected Taxes Receivable	\$ 2,775,920	\$ -	\$ 604,318	\$ -	\$ 3,380,238	\$ 2,792,094
Uncollected Notes Receivable	570,000	-	1,620,000	-	2,190,000	1,505,000
Deferred Inflows of Resources - Leases	500,020	-	12,174	-	512,194	-
Total Deferred Inflows of Resources	\$ 3,845,940	\$ -	\$ 2,236,492	\$ -	\$ 6,082,432	\$ 4,297,094
Total Liabilities and Deferred Inflows of Resources	\$ 9,771,140	\$ -	\$ 2,306,627	\$ 426,260	\$ 12,504,027	\$ 12,130,451
Fund Balances						
Non-Spendable						
Inventories	\$ 660,004	\$ -	\$ -	\$ 203,978	\$ 863,982	\$ 752,518
Restricted						
Capital Projects	-	-	18,155,915	-	18,155,915	10,283,942
Committed						
Special Revenue	-	-	-	6,507,929	6,507,929	4,161,905
Unassigned						
General	36,618,457	-	-	-	36,618,457	36,421,877
Total Fund Balances	\$ 37,278,461	\$ -	\$ 18,155,915	\$ 6,711,907	\$ 62,146,283	\$ 51,620,242
Total Liabilities and Fund Balances	\$ 47,049,601	\$ -	\$ 20,462,542	\$ 7,138,167	\$ 74,650,310	\$ 63,750,693

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, 2022

Total Fund Balances - Governmental Funds \$ 62,146,283

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	\$ 331,393,682	
Less Accumulated Depreciation	<u>(99,925,392)</u>	231,468,290

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>(171,662)</u>	291,627

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	\$ 3,380,238	
Notes Receivable	<u>2,190,000</u>	5,570,238

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	\$ 47,160,914	
Deferred Inflows Related to Pensions and OPEB	<u>(88,237,025)</u>	(41,076,111)

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	\$ (89,301,439)	
Interest Payable	(1,167,512)	
Long-Term Payroll Liabilities	(7,032,365)	
Bond Premium	(4,478,338)	
Lease Liability	(287,431)	
Net Pension and OPEB Liability	<u>(132,924,077)</u>	(235,191,162)

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:

3,209,908

Total Net Position - Governmental Activities \$ 26,419,073

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, 2022 (Summarized Comparative Totals 2021)

	Major Funds				Total Governmental Funds	
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	2022	2021
REVENUES						
Local Sources	\$ 60,500,759	\$ -	\$ 12,891,442	\$ 3,861,050	\$ 77,253,251	\$ 74,790,426
State Sources	104,388,040	-	-	47,539	104,435,579	105,474,701
Federal Sources	24,551,201	-	-	9,575,936	34,127,137	26,958,634
Other Sources	63,993	-	-	4	63,997	43,393
Total Revenues	\$189,503,993	\$ -	\$ 12,891,442	\$ 13,484,529	\$ 215,879,964	\$ 207,267,154
EXPENDITURES						
Current						
Instruction						
Regular	\$ 91,423,146	\$ -	\$ -	\$ -	\$ 91,423,146	\$ 85,998,712
Special Instruction	33,801,666	-	-	-	33,801,666	32,239,016
Vocational Education	7,150,256	-	-	-	7,150,256	6,499,733
Adult Education	1,049,967	-	-	-	1,049,967	1,019,470
Support Services						
Pupil Services	6,094,962	-	-	-	6,094,962	5,283,342
Instructional Staff Services	4,924,121	-	-	-	4,924,121	5,130,713
General Administration Services	3,068,965	-	-	-	3,068,965	2,897,225
School Administration Services	11,304,089	-	-	-	11,304,089	11,390,159
Business Services	4,994,852	-	-	-	4,994,852	4,792,419
Operations and Maintenance	16,904,484	-	1	-	16,904,485	17,807,640
Pupil Transportation Services	2,878,270	-	-	-	2,878,270	2,671,883
Co-Curricular	264,502	-	-	6,600,184	6,864,686	6,786,480
Food Services Outlay	-	-	-	8,030,217	8,030,217	6,525,028
Community Services	1,226,357	-	-	-	1,226,357	697,159
Capital Outlay	1,696,913	-	3,992,480	333,682	6,023,075	16,765,000
Debt Service						
Principal	-	6,354,256	20,164	-	6,374,420	5,780,877
Interest	-	2,649,516	27,222	-	2,676,738	2,651,663
Bond Costs	-	-	333,843	-	333,843	185,623
Total Expenditures	\$186,782,550	\$ 9,003,772	\$ 4,373,710	\$ 14,964,083	\$ 215,124,115	\$ 215,122,142
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,721,443	\$ (9,003,772)	\$ 8,517,732	\$ (1,479,554)	\$ 755,849	\$ (7,854,988)
OTHER FINANCING SOURCES (USES)						
Transfers In	\$ 350,000	\$ 9,003,772	\$ 6,500,000	\$ 4,192,060	\$ 20,045,832	\$ 18,355,541
Transfers Out	(4,499,862)	-	(15,195,970)	(350,000)	(20,045,832)	(18,355,541)
Debt Issuance	-	-	7,920,000	-	7,920,000	11,205,000
Premium on the Sale of Bonds	-	-	130,211	-	130,211	986,497
Sale of Assets	13,599	-	-	-	13,599	27,865
Total Other Financing Sources and Uses	\$ (4,136,263)	\$ 9,003,772	\$ (645,759)	\$ 3,842,060	\$ 8,063,810	\$ 12,219,362
Net Change in Fund Balances	\$ (1,414,820)	\$ -	\$ 7,871,973	\$ 2,362,506	\$ 8,819,659	\$ 4,364,374
Fund Balances - July 1	\$ 37,003,651	\$ -	\$ 10,283,942	\$ 4,332,649	\$ 51,620,242	\$ 66,236,833
Prior Period Adjustment	\$ 1,689,630	\$ -	\$ -	\$ 16,752	\$ 1,706,382	\$ (856)
Fund Balances - July 1, as restated	\$ 38,693,281	\$ -	\$ 10,283,942	\$ 4,349,401	\$ 53,326,624	\$ 47,255,868
Fund Balances - June 30	\$ 37,278,461	\$ -	\$ 18,155,915	\$ 6,711,907	\$ 62,146,283	\$ 51,620,242

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 8,819,659

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	\$ 6,815,632	
Depreciation Expense	<u>(6,193,032)</u>	622,600

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 amortization expense. This is the amount by which capital outlay exceeded amortization in the current year.

Right-to-Use Asset Additions	\$ 463,289	
Amortization Expense	<u>(76,305)</u>	386,984

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.

(30,425)

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	\$ (7,920,000)	
Premium on Sale of Bonds	(130,211)	
Repayment of Long-Term Debt	<u>6,374,420</u>	(1,675,791)

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.

712,290

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	\$ (2,126,629)	
Net Changed in Long-Term Lease Liability	(287,431)	
Net Change in Interest Payable	<u>(83,055)</u>	(2,497,115)

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	\$ 103,494,209	
Net Change in Deferred Outflows of Resources	(27,676,429)	
Net Change in Deferred Inflows of Resources	<u>(69,575,205)</u>	6,242,575

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	\$ 588,144	
Net Change in Notes Receivable	<u>685,000</u>	1,273,144

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.

(1,430,466)

Change in Net Position of Governmental Activities \$ 12,423,455

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

For the Year Ended June 30, 2022 (Summarized Comparative Totals 2021)

	Internal Service Fund	
	2022	2021
ASSETS		
Current Assets		
Cash and Investments	\$ 5,598,228	\$ 6,874,391
Accounts Receivable	14,738	2,346
Total Current Assets	<u>\$ 5,612,966</u>	<u>\$ 6,876,737</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 328,591	\$ 6,363
IBNR Claims	2,074,467	2,230,000
Total Current Liabilities	<u>\$ 2,403,058</u>	<u>\$ 2,236,363</u>
NET POSITION		
Restricted For:		
Patient Centered Outcomes Research Inst. (PCORI)	\$ -	\$ 6,858
Unrestricted	<u>3,209,908</u>	<u>4,633,516</u>
Total Net Position	<u>\$ 3,209,908</u>	<u>\$ 4,640,374</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, 2022 (Summarized Comparative Totals 2021)

	Internal Service Fund	
	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Contributions to Self-Insurance	<u>\$ 21,825,911</u>	<u>\$ 21,058,151</u>
OPERATING EXPENSES		
Health Insurance Claims	\$ 21,151,287	\$ 18,600,618
Admin Fees	<u>2,105,090</u>	<u>2,181,957</u>
Total Operating Expenses	<u>\$ 23,256,377</u>	<u>\$ 20,782,575</u>
Operating Income (Loss)	<u>\$ (1,430,466)</u>	<u>\$ 275,576</u>
Net Position - July 1	<u>\$ 4,640,374</u>	<u>\$ 4,364,798</u>
Net Position - June 30	<u>\$ 3,209,908</u>	<u>\$ 4,640,374</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, 2022 (Summarized Comparative Totals 2021)

	Internal Service Fund	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from User Charges	\$ 21,813,519	\$21,055,805
Payments for Health Insurance Claims and Admin Fees	<u>(23,089,682)</u>	<u>(20,641,152)</u>
Net Cash (Used for) Provided by Operating Activities	<u>\$ (1,276,163)</u>	<u>\$ 414,653</u>
Cash and Investments - July 1	<u>\$ 6,874,391</u>	<u>\$ 6,459,738</u>
Cash and Investments - June 30	<u>\$ 5,598,228</u>	<u>\$ 6,874,391</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH USED BY OPERATING ACTIVITIES		
Operating (Loss) Income	\$ (1,430,466)	\$ 275,576
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Net Change in Accounts Receivable	(12,392)	(2,346)
Net Change in Accounts Payable	322,228	1,423
Net Change in IBNR Claims Payable	<u>(155,533)</u>	<u>140,000</u>
Net Cash (Used for) Provided by Operating Activities	<u>\$ (1,276,163)</u>	<u>\$ 414,653</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
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and Investments	<u>\$ 24,737</u>
NET POSITION	
Restricted	
Funds Held for Other Entities	<u>\$ 24,737</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, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Miscellaneous Collections	\$ 27,591
DEDUCTIONS	
Miscellaneous Disbursements	\$ 33,322
Net Increase (Decrease) in Fiduciary Net Position	\$ (5,731)
Net Position - Beginning	\$ 30,468
Net Position - Ending	<u>\$ 24,737</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, 2022

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 school district has considered all potential component units for which the school district is financially accountable and other organizations for which the nature and significance of their relationships with the school district such that exclusion would cause the school district's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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.

Blended Component Unit

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

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 by the school 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 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 that are 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 that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, 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 for each fund category: governmental, proprietary, and fiduciary are presented. 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, 2022

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 acquisitions under capital leases 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.

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.

School district taxes must be levied by the governing board on or before the fifteenth day of August. The taxes levied must be certified to the county auditor by August 25th. 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 10th. 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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 includes amounts in demand deposits and money market accounts. Cash equivalents 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 FIFO (first-in, first-out) cost basis.

The valuation of food service commodity inventory is established by the USDA and provided to the district. Commodity inventory of \$126,393 was reported as unearned revenue on June 30, 2022.

Prepaid Expenses

A prepaid expense is an expense that is 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 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 life on used vehicles is 15 years less (year of manufacture less year of purchase).

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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 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.

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

Compensated Absences

Vacation

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 days per year. Teachers, OT/PT's, and all other nine/ten-month employees, receive twelve 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 contract, two categories of sick leave were established, Legacy Sick Leave and Sick Leave. Any unused accumulated sick leave at the end of the 2010-2011 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 2011-2012 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 contract, 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 unlimited accumulation. 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. A liability has been recorded for Teachers and OT/PT's who 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 and/or Sick Leave combined) has been accumulated. Employees who elect to sell back their coming year's sick leave 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS), and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, 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 amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs 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 of the Board 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% and has surpassed it since the fiscal year 2002. This level provides enough unassigned resources to avoid short-term cash flow borrowing for the district. The unassigned general fund balance of \$36,618,457 on June 30, 2022, represents 19.60% of annual general fund expenditures.

Non-Spendable Fund Balance - Non-spendable fund balance consists 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 3rd parties (State & Federal governments for various grants & reimbursements).

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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 our capital projects and debt service.

Unrestricted net position is primarily unrestricted amounts related to the general fund and the large negative balance of the net pension and OPEB liability and is the portion of 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 2 and the additional disclosures required by this standard are included in Notes 6, 8, and 9.

NOTE 2: PRIOR PERIOD ADJUSTMENTS

Correction of Error

Fund balance as of July 1, 2021, has been restated due to a correction of error related to long-term payroll liabilities. The adjustments to beginning fund balance are below:

	General Fund	Other Governmental Funds
Beginning Fund Balance, As Previously Reported	\$ 37,003,651	\$ 4,332,649
Adjustments to Restate the July 1, 2021 Fund Balance		
Long-Term Payroll Liabilities Classification Change	1,689,630	16,752
Fund Balance July 1, As Restated	\$ 38,693,281	\$ 4,349,401

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

Adoption of New Standard

Net position as of July 1, 2021, has been restated due to the adoption of GASB 87. The adjustments to beginning net position are below:

	Government- Wide
Beginning Net Position, As Previously Reported	\$ 12,384,593
Add: Net Present Value, July 1	(461,608)
Less: Lease Liability	366,251
Correction of Error	1,706,382
Net Position July 1, As Restated	\$ 13,995,618

NOTE 3: DEPOSITS AND INVESTMENTS

Custodial Credit Risk

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 in the possession of the 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.

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

At the year ended June 30, 2022, the Fargo Public School District's carrying amount of all deposits, (less \$550 in petty cash held at the schools), was \$63,324,441 and the bank balances were \$69,372,040. Of the bank balances, \$63,619,169 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 4: TAXES RECEIVABLE

Property taxes are levied as of January 1st. The property taxes attach as an enforceable lien on the property on January 1st 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 1st, and the second installment is due by October 15th. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15th. After the October 15th due date, the bill becomes delinquent, and penalties are assessed.

NOTE 5: PREPAID EXPENSES

The district occasionally prepays health, dental, and vision insurance premiums based on the timing of our payroll. On June 30, 2022, no prepaid expenses had been paid.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

NOTE 6: CAPITAL/RIGHT-TO-USE ASSETS

The following is a summary of changes in capital/right-to-use assets for the year ended June 30, 2022.

	Balance Jul 1	Increases	Decreases	Transfers	Balance Jun 30
<i>Capital assets not being depreciated</i>					
Land	\$ 15,268,098	\$ -	\$ -	\$ -	\$ 15,268,098
Construction in Progress	25,639,847	5,747,238	-	(14,416,339)	16,970,746
Total Capital Assets, Not Being Depreciated	\$ 40,907,945	\$ 5,747,238	\$ -	\$ (14,416,339)	\$ 32,238,844
<i>Capital assets being depreciated</i>					
Buildings and Improvements	\$ 272,216,049	\$ -	\$ -	\$ 14,416,339	\$ 286,632,388
Vehicles and Equipment	11,858,959	1,068,394	404,903	-	12,522,450
Total Capital Assets, Being Depreciated	\$ 284,075,008	\$ 1,068,394	\$ 404,903	\$ 14,416,339	\$ 299,154,838
<i>Less Accumulated Depreciation for</i>					
Buildings and Improvements	\$ 86,399,421	\$ 5,463,600	\$ -	\$ -	\$ 91,863,021
Vehicles and Equipment	7,707,417	729,432	374,478	-	8,062,371
Total Accumulated Depreciation	\$ 94,106,838	\$ 6,193,032	\$ 374,478	\$ -	\$ 99,925,392
Total Capital Assets Being Depreciated, Net	\$ 189,968,170	\$ (5,124,638)	\$ 30,425	\$ 14,416,339	\$ 199,229,446
Capital Assets, Net	\$ 230,876,115	\$ 622,600	\$ 30,425	\$ -	\$ 231,468,290

	Balance Jul 1 (As Restated)	Increases	Decreases	Transfers	Balance Jun 30
<i>Right-to-use assets being amortized</i>					
Right-to-Use Assets	\$ 463,289	\$ -	\$ -	\$ -	\$ 463,289
Total Right-to-Use Assets, Being Amortized	\$ 463,289	\$ -	\$ -	\$ -	\$ 463,289
<i>Less Accumulated Amortization for</i>					
Right-to-Use Assets	\$ 95,357	\$ 76,305	\$ -	\$ -	\$ 171,662
Total Accumulated Amortization	\$ 95,357	\$ 76,305	\$ -	\$ -	\$ 171,662
Total Right-to-Use Assets Being Amortized, Net	\$ 367,932	\$ (76,305)	\$ -	\$ -	\$ 291,627
Total Capital Assets and Right-to-Use Assets, Net	\$ 231,244,047	\$ 546,295	\$ 30,425	\$ -	\$ 231,759,917

Depreciation and Amortization were charged to functions of the school district as follows:

Depreciation and Amortization by Function	Depreciation	Amortization
Regular	\$ 2,536,835	\$ -
Special Instruction	924,754	-
Vocational Education	195,291	-
Adult Education	28,677	-
Pupil Services	166,469	-
Instructional Staff Services	134,490	-
General Administration Services	83,821	-
School Administration Services	365,738	-
Business Services	215,738	76,305
Operations and Maintenance	786,701	-
Pupil Transportation Services	78,613	-
Co-Curricular	323,173	-
Food Services Outlay	319,239	-
Community Services	33,493	-
Total Depreciation and Amortization by Function	\$ 6,193,032	\$ 76,305

BOARD OF EDUCATION OF THE CITY OF FARGONotes to the Financial Statements – Continued
For the Year Ended June 30, 2022**NOTE 7: BOND PREMIUM**

The following is a summary of changes in bond premiums for the year ended June 30, 2022:

	Balance July 1	Addition	Bond Premium Amortization	Balance Jun 30
2012 \$24.615M Limited Tax Bond	\$ 134,992	\$ -	\$ 67,495	\$ 67,497
2015 \$9.835M Limited Tax Refunding Bond	83,723	-	12,880	70,843
2015B \$9.750M Limited Tax Refunding Bond	75,673	-	13,759	61,914
2016A \$9.160M Limited Tax Refunding Bond	258,962	-	16,707	242,255
2016B \$14.310M Limited Tax Refunding Bond	1,095,317	-	312,948	782,369
2017 \$8.795M Limited Tax Refunding Bond	288,146	-	96,049	192,097
2018 \$14.00M Limited Tax Bond	1,504,469	-	85,970	1,418,499
2019 \$18.475M Limited Tax Refunding Bond	657,300	-	57,157	600,143
2020 \$11.205 Limited Tax Bond	961,835	-	49,325	912,510
2022A \$7.920M Limited Tax Bond	-	130,211	-	130,211
Total Bond Premium	\$ 5,060,417	\$ 130,211	\$ 712,290	\$ 4,478,338

NOTE 8: LEASES (LESSEE)Riverwood Park Football Field

Fargo Public Schools 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 through November 1, 2036. Under the terms of the lease, the District pays an annual base fee of \$323.47. The District has the option to terminate the lease upon giving sixty days written notice, in which the District believes it will exercise with reasonable certainty.

As of June 30, 2022, Fargo Public Schools recognized a right-to-use asset of \$6,021 and lease liability of \$3,638 related to this agreement. During the fiscal year, the District recorded \$204 in amortization expense and \$128 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.

Loffler Cannon 8595I II

Fargo Public Schools 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, 2022, Fargo Public Schools recognized a right-to-use asset of \$9,558 and lease liability of \$8,631 related to this agreement. During the fiscal year, the District recorded \$956 in amortization expense and \$72 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 Schools 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, 2022, Fargo Public Schools recognized a right-to-use asset of \$31,657 and lease liability of \$26,255 related to this agreement. During the fiscal year, the District recorded \$5,804 in amortization expense and \$1,033 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

120DPS and FFSVR136

Fargo Public Schools 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, 2022, Fargo Public Schools recognized a right-to-use asset of \$416,053 and lease liability of \$248,907 related to this agreement. During the fiscal year, the District recorded \$69,342 in amortization expense and \$4,818 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.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2023	\$ 81,534	\$ 4,919
2024	82,886	3,567
2025	84,263	2,190
2026	34,384	661
2027	1,805	102
2028-2032	1,272	345
2033-2037	1,287	116
Total	\$ 287,431	\$ 11,900

NOTE 9: LEASES (LESSOR)

702 Communications

Fargo Public Schools 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 through October 16, 2033. Under the terms of the lease, the District pays a monthly base fee of \$500. The District has the option to terminate the lease upon giving sixty days written notice, in which the District believes it will exercise with reasonable certainty.

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$54,417 and deferred inflow of resources of \$51,660 related to this agreement. During the fiscal year, the District recorded \$4,592 in lease revenue and \$2,094 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 Schools 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 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 1st of each year. The District has the option to terminate the lease upon giving ninety days written notice, in which the District believes it will exercise with reasonable certainty.

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$157,310 and deferred inflow of resources of \$124,196 related to this agreement. During the fiscal year, the District recorded \$15,525 in lease revenue and \$6,016 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 Schools entered into an agreement to lease land/dumpsters for 60 months, beginning April 1, 2018. The lease terminates March 31, 2023. Under the terms of the lease, the District pays an annual base fee of \$6,800. The District has the option to terminate the lease upon giving thirty days written notice, in which the District believes it will exercise with reasonable certainty.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$6,622 and deferred inflow of resources of \$5,825 related to this agreement. During the fiscal year, the District recorded \$7,767 in lease revenue and \$464 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 Schools entered into an agreement to lease office space for 24 months, beginning July 1, 2021. The lease terminates 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. The District has the option to terminate the lease upon giving ninety days written notice, in which the District believes it will exercise with reasonable certainty.

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$10,139 and deferred inflow of resources of \$9,965 related to this agreement. During the fiscal year, the District recorded \$9,965 in lease revenue and \$709 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 Schools entered into an agreement to lease land for 24 months, beginning April 1, 2021. The lease terminates 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, 2022, Fargo Public Schools recognized a lease receivable of \$5,552 and deferred inflow of resources of \$8,065 related to this agreement. During the fiscal year, the District recorded \$10,753 in lease revenue and \$575 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.

SENDCAA Headstart

Fargo Public Schools 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. The District has the option to terminate the lease upon giving six months written notice, in which the District believes it will exercise with reasonable certainty.

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$19,332 and deferred inflow of resources of \$14,980 related to this agreement. During the fiscal year, the District recorded \$7,490 in lease revenue and \$961 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 Schools 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, 2022, Fargo Public Schools recognized a lease receivable of \$10,895 and deferred inflow of resources of \$11,612 related to this agreement. During the fiscal year, the District recorded \$3,871 in lease revenue and \$412 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 Schools 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. The District has the option to terminate the lease upon giving six months written notice, in which the District believes it will exercise with reasonable certainty.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$219,740 and deferred inflow of resources of \$214,137 related to this agreement. During the fiscal year, the District recorded \$35,690 in lease revenue and \$5,913 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 Schools 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. The District has the option to terminate the lease upon giving ninety day written notice, in which the District believes it will exercise with reasonable certainty.

As of June 30, 2022, Fargo Public Schools recognized a lease receivable of \$28,187 and deferred inflow of resources of \$19,037 related to this agreement. During the fiscal year, the District recorded \$8,461 in lease revenue and \$1,289 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
2023	\$ 112,652	\$ 18,055
2024	97,270	14,159
2025	90,785	10,383
2026	84,747	7,481
2027	24,828	4,478
2028-2032	95,163	9,036
2033-2037	6,749	251
Total	\$ 512,194	\$ 63,843

NOTE 10: LONG-TERM LIABILITIES

During the year ended June 30, 2022, 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	\$ 5,060,417	130,211	\$ 712,290	\$ 4,478,338	\$ 712,290
Long-Term Debt					
Limited Tax Bonds Payable	\$ 86,283,625	\$ 7,920,000	\$ 6,079,254	\$ 88,124,371	\$4,417,148
Special Assessments	627,234	-	20,166	607,068	21,057
Building Authority Revenue Bonds	845,000	-	275,000	570,000	280,000
Total Long-Term Debt	\$ 87,755,859	\$ 7,920,000	\$ 6,374,420	\$ 89,301,439	\$4,718,205
Long-Term Payroll Liabilities					
Compensated Absences*	\$ 569,203	\$ -	\$ 53,853	\$ 515,350	\$ -
Unused Personal Leave*	-	837,932	-	837,932	-
Sick Leave Longevity Payable*	72,473	369,075	-	441,548	209,502
PTO Payable*	466,700	-	90,664	376,036	-
Paid Leave System Payable*	3,797,360	1,064,139	-	4,861,499	-
Total Long-Term Payroll Liabilities	\$ 4,905,736	\$ 2,271,146	\$ 144,517	\$ 7,032,365	\$ 209,502
Long-Term Lease Liability	\$ 366,251	\$ -	\$ 78,820	\$ 287,431	\$ 81,534
Net Pension and OPEB Liability*	\$ 236,418,286	\$ -	\$ 103,494,209	\$ 132,924,077	\$ -
Total Long-Term Liabilities	\$ 334,506,549	\$ 10,321,357	\$ 110,804,256	\$ 234,023,650	\$5,721,531

* - 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

Debt service requirements on long-term debt as of June 30, 2022, are as follows:

Year Ending June 30,	Limited Tax Bonds Payable		Special Assessments		Building Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,417,148	\$ 2,604,162	\$ 21,057	\$ 26,496	\$ 280,000	\$ 17,100
2024	5,255,070	2,498,667	21,989	25,564	290,000	8,700
2025	7,093,020	2,248,292	22,963	24,590	-	-
2026	7,676,001	2,018,261	23,979	23,574	-	-
2027	8,054,011	1,811,351	25,041	22,512	-	-
2028-2032	32,456,267	5,991,595	142,849	94,916	-	-
2033-2037	15,827,854	2,215,701	177,399	60,367	-	-
2038-2042	7,345,000	432,599	171,791	18,420	-	-
Total	\$ 88,124,371	\$ 19,820,628	\$ 607,068	\$ 296,439	\$ 570,000	\$ 25,800

NOTE 11: DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Deferred inflows of resources in 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 in 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 in 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.

Deferred inflows of resources in 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. 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.

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

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, 2022, the School District reported a liability of \$107,340,073 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the School District’s proportion was 10.187399%, which was a decrease of 0.261324% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the district recognized pension expense of \$2,511,024. As of June 30, 2022, 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	\$ 745,772	\$ 4,526,815
Changes of Assumptions	3,770,286	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	31,452,191
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	889,705	4,459,862
District Contributions Subsequent to the Measurement Date	10,715,119	-
Total Deferred Outflows and Deferred Inflows	\$ 16,120,882	\$ 40,438,868

\$10,715,119, 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, 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:

2023	\$ (8,384,291)
2024	(7,634,669)
2025	(8,307,443)
2026	(10,250,993)
2027	261,693
Thereafter	(717,402)

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

Actuarial Assumptions

The total pension liability in the July 1, 2021, 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, 2021, funding actuarial valuation for TFFR.

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 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 pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	7%
Global Fixed Income	26%	1%
Global Real Assets	18%	5%
Cash Equivalents	1%	-1%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2021. 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, 2021, 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 July 1, 2021. 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, 2021.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended 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, 2021, 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	\$ 161,175,107	\$ 107,340,073	\$ 62,635,541

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 (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. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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.

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. 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, 2022, the School District reported a liability of \$24,447,837 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the School District's proportion was 2.345565%, which was a decrease of 0.027044% from its proportion measured as of June 20, 2020.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

For the year ended June 30, 2022, the School District recognized pension expense of \$4,267,373. As of June 30, 2022, 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	\$ 422,084	\$ 2,495,236
Changes of Assumptions	27,059,008	35,279,290
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	9,067,317
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	778,365	441,147
District Contributions Subsequent to the Measurement Date	2,228,616	-
Total Deferred Outflows and Deferred Inflows	\$ 30,488,073	\$ 47,282,990

\$2,228,616 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, 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:

2023	\$ (2,456,107)
2024	(4,148,764)
2025	(3,527,066)
2026	(8,891,596)

Actuarial Assumptions

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, 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%
International Equity	21%	7%
Private Equity	7%	10%
Domestic Fixed Income	23%	1%
International Fixed Income	0%	0%
Global Real Assets	19%	5%
Cash Equivalents	0%	0%

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

Discount Rate

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District’s Proportionate Share of the Net Pension Liability	\$ 38,880,277	\$ 24,447,837	\$ 12,430,562

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, 2022, the School District reported a liability of \$131,787,910 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

For the year ended June 30, 2022, the School District recognized pension expense of \$6,778,397. As of June 30, 2022, 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	\$ 1,167,856	\$ 7,022,051
Changes of Assumptions	30,829,294	35,279,290
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	40,519,508
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	1,668,070	4,901,009
District Contributions Subsequent to the Measurement Date	12,943,735	-
Total Deferred Outflows and Deferred Inflows	\$ 46,608,955	\$ 87,721,858

\$12,943,735 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, 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:

2023	\$ (10,840,398)
2024	(11,783,433)
2025	(11,834,509)
2026	(19,142,589)
2027	261,693
Thereafter	(717,402)

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (OPEB) – NDPERS

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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.

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

As of June 30, 2022, the School District reported a liability of \$1,136,167 for its proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the School District's proportion was 2.042830%, which was a decrease of 0.165257% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$144,943. As of June 30, 2022, 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	\$ 65,249	\$ 31,143
Changes of Assumptions	175,948	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	389,278
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	59,974	94,746
Employer Contributions Subsequent to the Measurement Date	250,788	-
Total Deferred Outflows and Deferred Inflows	\$ 551,959	\$ 515,167

\$250,788 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, 2023.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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

2023	\$	(33,828)
2024		(36,631)
2025		(53,753)
2026		(89,986)
2027		202

Actuarial Assumptions

The total OPEB liability in the July 1, 2021, 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	6.50%, net of investment expenses
Cost-of-Living Adjustments	None

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

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	40%	0.50%
International Equities	21%	6.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
School District’s Proportionate Share of the Net OPEB Liability	\$ 1,685,082	\$ 1,136,167	\$ 671,703

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 Schools 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.

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 25th 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, 2022, the school district had 37 employees who received this benefit at a cost to the school district of \$246,266.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
 For the Year Ended June 30, 2022

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. 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 is limited to losses of \$1,651,851. Computerized business equipment \$4,167,944. Buildings are limited at \$509,264,037, personal property at \$39,713,259, and band equipment at \$3,053,236.

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 and purchases commercial insurance for personal property, building, 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. They have purchased a stop-loss policy 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 three prior years.

Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$2,074,467. The school district had three plan administrators that calculated this reserve requirement. Blue Cross Blue Shield calculated the first half of the year and Health Partners calculated the last half of the year as the school district switched health insurance companies. Delta Dental calculated the dental insurance reserve requirement. Changes in the claim reserve payable during the past two years are as follows:

	2022	2021
Unpaid Claims, July 1	\$ 2,230,000	\$ 2,090,000
Incurred Claims Including IBNR's	21,151,287	16,141,118
Less: Claims Paid	21,306,820	16,001,118
Unpaid Claims, June 30	\$ 2,074,467	\$ 2,230,000

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

NOTE 16: CONSTRUCTION COMMITMENTS

The school district had seven construction projects remaining as of June 30, 2022. At year-end the district’s commitments with contractors were as follows:

Project	Contract	Total Completed	Retainage Payable	Remaining Balance
Agassiz Plumbing Project	\$ 264,158	\$ 264,158	\$ -	\$ -
Ben Franklin A/C	731,607	259,504	24,760	496,863
Davies Field Turf	1,301,382	1,276,582	608	25,408
Hawthorne Addition	482,250	170,600	-	311,650
Lewis & Clark Explorer Academy	11,791,503	11,696,335	10,000	105,168
McKinley Roof Replacement	403,494	402,967	-	527
North Track	8,309,623	1,030,920	56,101	7,334,804
RDO/District Office Building	1,222,907	1,186,696	-	36,211
Total	\$ 24,506,924	\$16,287,762	\$ 91,469	\$ 8,310,631

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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 that the school district must account for in other funds.

Transfers for the School District for fiscal year 2022 are as follows:

Fund	Transfers In	Transfers Out
General	\$ 350,000	\$ 4,499,862
Debt Service	9,003,772	-
Capital Projects	6,500,000	15,195,970
Nonmajor	4,192,060	350,000
Total	\$20,045,832	\$20,045,832

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.

At June 30, 2022, 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.

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued
For the Year Ended June 30, 2022

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 is as follows:

New and Expanding Business	\$ 167,969
Charitable Organization	6,534,344
Single Family Residence	680,645
Childhood Service Exemption	200,978
Commercial and Residential	205,919
Total	\$ 7,789,855

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, 2022 (Summarized Comparative Totals 2021)

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget	2021
	Original	Final			
REVENUES					
Property Taxes	\$ 57,122,000	\$ 57,122,000	\$ 56,220,060	\$ (901,940)	\$ 54,533,809
Other Local Sources	4,201,744	4,327,197	4,280,699	(46,498)	5,306,929
State Sources	104,902,019	105,011,596	104,388,040	(623,556)	105,424,508
Federal Sources	30,009,517	28,256,345	24,551,201	(3,705,144)	19,809,551
Other Sources	-	-	63,993	63,993	43,393
Total Revenues	\$ 196,235,280	\$ 194,717,138	\$ 189,503,993	\$ (5,213,145)	\$ 185,118,190
EXPENDITURES					
Current					
Instruction					
Regular	\$ 93,306,609	\$ 92,568,062	\$ 91,423,146	\$ 1,144,916	\$ 85,998,712
Special Instruction	35,354,457	35,083,169	33,801,666	1,281,503	32,239,016
Vocational Education	7,021,015	6,969,650	7,150,256	(180,606)	6,499,733
Adult Education	1,189,352	1,182,049	1,049,967	132,082	1,019,470
Support Services					
Pupil Services	6,215,325	6,168,625	6,094,962	73,663	5,283,342
Instructional Staff Services	5,332,902	5,295,797	4,924,121	371,676	5,130,713
General Administration Services	3,011,747	2,985,400	3,068,965	(83,565)	2,897,225
School Administration Services	11,644,143	11,556,434	11,304,089	252,345	11,390,159
Business Services	4,987,607	4,942,570	4,994,852	(52,282)	4,792,419
Operations and Maintenance	17,226,426	17,083,473	16,904,484	178,989	17,257,790
Pupil Transportation Services	2,858,282	2,845,190	2,878,270	(33,080)	2,671,883
Co-Curricular	268,563	264,552	264,502	50	261,580
Community Services	1,707,296	1,692,822	1,226,357	466,465	697,159
Capital Outlay	1,707,296	1,696,913	1,696,913	-	-
Total Expenditures	\$ 191,831,020	\$ 190,334,706	\$ 186,782,550	\$ 3,552,156	\$ 176,139,201
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,404,260	\$ 4,382,432	\$ 2,721,443	\$ (1,660,989)	\$ 8,978,989
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 350,000	\$ 350,000	\$ 350,000	\$ -	\$ 350,000
Transfers Out	(4,805,320)	(4,805,320)	(4,499,862)	305,458	(4,134,050)
Sale of Assets	30,000	30,000	13,599	(16,401)	27,865
Total Other Financing Sources and Uses	\$ (4,425,320)	\$ (4,425,320)	\$ (4,136,263)	\$ 289,057	\$ (3,756,185)
Net Changes in Fund Balances	\$ (21,060)	\$ (42,888)	\$ (1,414,820)	\$ (1,371,932)	\$ 5,222,804
Fund Balance - July 1	\$ 32,923,311	\$ 32,936,841	\$ 37,003,651	\$ -	\$ 32,974,678
Prior Period Adjustment	\$ -	\$ -	\$ 1,689,630	\$ -	\$ (1,193,831)
Fund Balance - July 1, Restated	\$ 32,923,311	\$ 32,936,841	\$ 38,693,281	\$ -	\$ 31,780,847
Fund Balance - June 30	\$ 32,902,251	\$ 32,893,953	\$ 37,278,461	\$ (1,371,932)	\$ 37,003,651

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, 2022

**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
6/30/2021	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
6/30/2022	\$ 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, 2022

**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
6/30/2021	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
6/30/2022	\$ 2,228,616	\$ 2,228,616	\$ -	\$ 29,673,293	7.51%
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
 For the Year Ended June 30, 2022

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

Measurement Date	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
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 of Net OPEB Liability
 ND Public Employees Retirement System
 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
6/30/2022	\$ 250,788	\$ 250,788	\$ -	\$ 21,921,694	1.14%
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, 2022

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 of each year.
- The governing body of the school district may amend its tax levy and budget on or before the tenth day of October of 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 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 of 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

Pension

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

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 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, 2022

NOTE 3: CHANGES OF ASSUMPTIONS

North Dakota Teachers Fund for Retirement

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.

Pension

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

OPEB

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

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, 2022

NOTE 5: LEGAL COMPLIANCE – BUDGETS

Budget Amendments

The school board amended the school district budget for 2022 as follows:

REVENUES			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$196,235,280	\$ (1,518,142)	\$194,717,138

EXPENDITURES			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$191,831,020	\$ (1,496,314)	\$190,334,706

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 which are not legally or by sound financial management to be accounted for in another fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of long-term principal, interest, and related costs.

Capital Projects Fund - The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students of the District.

BOARD OF EDUCATION OF THE CITY OF FARGO

Budgetary Comparison Schedule - Debt Service Fund

For the Year Ended June 30, 2022 (Summarized Comparative Totals 2021)

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget	2021
	Original	Final			
REVENUES					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Debt Service					
Principal	\$ 6,079,256	\$ 6,364,256	\$ 6,354,256	\$ 10,000	\$ 5,761,392
Interest and Service Charges	2,616,714	2,652,033	2,649,516	2,517	2,623,595
Total Expenditures	\$ 8,695,970	\$ 9,016,289	\$ 9,003,772	\$ 12,517	\$ 8,384,987
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,695,970)	\$ (9,016,289)	\$ (9,003,772)	\$ 12,517	\$ (8,384,987)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 8,695,970	\$ 9,016,289	\$ 9,003,772	\$ (12,517)	\$ 8,384,984
Total Other Financing Sources and Uses	\$ 8,695,970	\$ 9,016,289	\$ 9,003,772	\$ (12,517)	\$ 8,384,984
Net Changes in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ (3)
Fund Balance - July 1	\$ 3	\$ 3	\$ -	\$ (3)	\$ 3
Fund Balance - June 30	\$ 3	\$ 3	\$ -	\$ (3)	\$ -

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, 2022 (Summarized Comparative Totals 2021)

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget	2021
	Original	Final			
REVENUES					
Local Sources	\$ 12,441,450	\$ 12,441,450	\$ 12,891,442	\$ 449,992	\$ 11,853,887
EXPENDITURES					
Operations and Maintenance	\$ -	\$ -	\$ 1	\$ (1)	\$ 549,850
Capital Outlay	6,901,868	6,901,868	3,992,480	2,909,388	16,765,000
Debt Service					
Principal	20,164	20,164	20,164	-	19,485
Interest	28,000	28,000	27,222	778	28,068
Bond Costs	429,836	429,836	333,843	95,993	185,623
Total Expenditures	\$ 7,379,868	\$ 7,379,868	\$ 4,373,710	\$ 3,006,158	\$ 17,548,026
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,061,582	\$ 5,061,582	\$ 8,517,732	\$ 3,456,150	\$ (5,694,139)
OTHER FINANCING SOURCES (USES)					
Debt Issuance	\$ -	\$ -	\$ 7,920,000	\$ (7,920,000)	\$ 11,205,000
Premium on the Sale of Bonds	-	-	130,211	130,211	986,497
Transfers In	6,500,000	6,500,000	6,500,000	-	5,796,719
Transfers Out	(15,195,970)	(15,195,970)	(15,195,970)	-	(13,871,491)
Total Other Financing Sources and Uses	\$ (8,695,970)	\$ (8,695,970)	\$ (645,759)	\$ (7,789,789)	\$ 4,116,725
Net Changes in Fund Balances	\$ (3,634,388)	\$ (3,634,388)	\$ 7,871,973	\$ (4,333,639)	\$ (1,577,414)
Fund Balance - July 1	\$ 9,055,198	\$ 6,566,842	\$ 10,283,942	\$ -	\$ 11,861,356
Fund Balance - June 30	\$ 5,420,810	\$ 2,932,454	\$ 18,155,915	\$ (4,333,639)	\$ 10,283,942

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

Nonmajor Governmental Funds

Special Revenue Funds

Food Service Fund - This fund is used to account for the foodservice 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. The revenues are comprised of student fees, gate receipts, and a variety of fundraisers. The 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, 2022 (Summarized Comparative Totals 2021)

	Food Service	Student Activities	Total	
			2022	2021
REVENUES				
Local Sources	\$ 848,761	\$ 3,012,289	\$ 3,861,050	\$ 3,095,801
State Sources	47,539	-	47,539	50,193
Federal Sources	9,575,936	-	9,575,936	7,149,082
Other Sources	4		4	-
Total Revenues	\$ 10,472,240	\$ 3,012,289	\$ 13,484,529	\$ 10,295,076
EXPENDITURES				
Current				
Food Services	\$ 8,030,217	\$ -	\$ 8,030,217	\$ 6,525,028
Capital Outlay	18,934	314,748	333,682	-
Co-Curricular	-	6,600,184	6,600,184	6,524,900
Total Expenditures	\$ 8,049,151	\$ 6,914,932	\$ 14,964,083	\$ 13,049,928
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,423,089	\$ (3,902,643)	\$ (1,479,554)	\$ (2,754,852)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 3,169	\$ 4,188,891	\$ 4,192,060	\$ 3,823,839
Transfers Out	(350,000)	-	(350,000)	(350,000)
Total Other Financing Sources and Uses	\$ (346,831)	\$ 4,188,891	\$ 3,842,060	\$ 3,473,839
Net Change in Fund Balances	\$ 2,076,258	\$ 286,248	\$ 2,362,506	\$ 718,987
Fund Balances - July 1	\$ 3,172,775	\$ 1,159,874	\$ 4,332,649	\$ 2,420,687
Prior Period Adjustment	\$ 13,438	\$ 3,314	\$ 16,752	\$ 1,192,975
Fund Balance July 1, Restated	\$ 3,186,213	\$ 1,163,188	\$ 4,349,401	\$ 3,613,662
Fund Balances - June 30	\$ 5,262,471	\$ 1,449,436	\$ 6,711,907	\$ 4,332,649

BOARD OF EDUCATION OF THE CITY OF FARGO

Budgetary Comparison Schedule - Food Service Fund

For the Year Ended June 30, 2022 (Summarized Comparative Totals 2021)

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget	2021
	Original	Final			
REVENUES					
Local Sources	\$ 512,295	\$ 718,295	\$ 848,761	\$ 130,466	\$ 386,556
State Sources	-	-	47,539	47,539	50,193
Federal Sources	6,052,200	7,035,700	9,575,936	2,540,236	7,149,082
Other Sources	-	-	4	4	-
Total Revenues	\$ 6,564,495	\$ 7,753,995	\$ 10,472,240	\$ 2,718,245	\$ 7,585,831
EXPENDITURES					
Current					
School Food Services	\$ 7,108,615	\$ 8,298,115	\$ 8,030,217	\$ 267,898	\$ 6,525,032
Capital Outlay	18,934	18,934	18,934	-	-
Total Expenditures	\$ 7,127,549	\$ 8,317,049	\$ 8,049,151	\$ 267,898	\$ 6,525,032
Excess (Deficiency) of Revenues Over Expenditures	\$ (563,054)	\$ (563,054)	\$ 2,423,089	\$ 2,986,143	\$ 1,060,799
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 40,000	\$ 40,000	\$ 3,169	\$ (36,831)	\$ 41,289
Transfers Out	(350,000)	(350,000)	(350,000)	-	(350,000)
Total Other Financing Sources and Uses	\$ (310,000)	\$ (310,000)	\$ (346,831)	\$ (36,831)	\$ (308,711)
Net Changes in Fund Balances	\$ (873,054)	\$ (873,054)	\$ 2,076,258	\$ 2,949,312	\$ 752,088
Fund Balance - July 1	\$ 972,787	\$ 972,787	\$ 3,172,775	\$ -	\$ 2,420,687
Prior Period Adjustment	\$ -	\$ -	\$ 13,438	\$ -	\$ -
Fund Balance - July 1, Restated	\$ 972,787	\$ 972,787	\$ 3,186,213	\$ -	\$ 2,420,687
Fund Balance - June 30	\$ 99,733	\$ 99,733	\$ 5,262,471	\$ 2,949,312	\$ 3,172,775

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, 2022 (Summarized Comparative Totals 2021)

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget	2021
	Original	Final			
REVENUES					
Local Sources	\$ 1,477,315	\$ 1,477,315	\$ 3,012,289	\$ 1,534,974	\$ 2,709,246
EXPENDITURES					
Current					
Co-Curricular	\$ 5,857,609	\$ 5,857,609	\$ 6,600,184	\$ (742,575)	\$ 6,524,900
Capital Outlay	314,748	314,748	314,748	-	-
Total Expenditures	\$ 6,172,357	\$ 6,172,357	\$ 6,914,932	\$ (742,575)	\$ 6,524,900
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,695,042)	\$ (4,695,042)	\$ (3,902,643)	\$ 792,399	\$ (3,815,654)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 4,693,947	\$ 4,693,947	\$ 4,188,891	\$ (505,056)	\$ 3,782,551
Total Other Financing Sources and Uses	\$ 4,693,947	\$ 4,693,947	\$ 4,188,891	\$ (505,056)	\$ 3,782,551
Net Changes in Fund Balances	\$ (1,095)	\$ (1,095)	\$ 286,248	\$ 287,343	\$ (33,103)
Fund Balance - July 1	\$ -	\$ -	\$ 1,159,874	\$ -	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ 3,314	\$ -	\$ 1,192,977
Fund Balance - July 1, Restated	\$ -	\$ -	\$ 1,163,188	\$ -	\$ 1,192,977
Fund Balance - June 30	\$ (1,095)	\$ (1,095)	\$ 1,449,436	\$ 287,343	\$ 1,159,874

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

BOARD OF EDUCATION OF THE CITY OF FARGOComparative Balance Sheet - Capital Project Fund
June 30, 2022 (Summarized Comparative Totals 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 18,029,006	\$ 12,084,117
Taxes Receivable	604,318	499,113
Lease Receivable	12,174	-
Due from County Treasurer	197,044	20,164
Notes Receivable	<u>1,620,000</u>	<u>-</u>
Total Assets	<u>\$ 20,462,542</u>	<u>\$ 12,603,394</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 4,034	\$ 1,079,176
Contracts Payable	<u>66,101</u>	<u>741,163</u>
Total Liabilities	<u>\$ 70,135</u>	<u>\$ 1,820,339</u>
Deferred Inflows of Resources		
Uncollected Taxes Receivable	\$ 604,318	\$ 499,113
Uncollected Notes Receivable	1,620,000	-
Deferred Inflows of Resources - Leases	<u>12,174</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 2,236,492</u>	<u>\$ 499,113</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,306,627</u>	<u>\$ 2,319,452</u>
Fund Balances		
Restricted		
Capital Projects	<u>\$ 18,155,915</u>	<u>\$ 10,283,942</u>
Total Liabilities and Fund Balances	<u>\$ 20,462,542</u>	<u>\$ 12,603,394</u>

BOARD OF EDUCATION OF THE CITY OF FARGO

Combining Balance Sheet - Nonmajor Special Revenue Funds
 June 30, 2022 (Summarized Comparative Totals 2021)

	Food Service	Student Activities	Total	
			2022	2021
ASSETS				
Cash and Investments	\$ 5,430,183	\$ 1,406,509	\$ 6,836,692	\$ 4,457,779
Accounts Receivable	40	64,015	64,055	10,174
Intergovernmental Receivable	33,442	-	33,442	174,153
Notes Receivable	-	-	-	660,000
Inventories	203,978	-	203,978	395,873
Total Assets	\$ 5,667,643	\$ 1,470,524	\$ 7,138,167	\$ 5,697,979
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ 20,481	\$ 20,481	\$ 121,138
Salaries and Benefits Payable	-	-	-	16,752
Contracts Payable	-	608	608	46,577
Unearned Revenue - Food Service Commodity Inventory	126,393	-	126,393	225,129
Unearned Revenue - Food Service Lunch Credits	278,778	-	278,778	295,734
Total Liabilities	\$ 405,171	\$ 21,089	\$ 426,260	\$ 705,330
Deferred Inflows of Resources				
Uncollected Notes Receivable	\$ -	\$ -	\$ -	\$ 660,000
Total Liabilities and Deferred Inflows of Resources	\$ 405,171	\$ 21,089	\$ 426,260	\$ 1,365,330
Fund Balances				
Non-Spendable Inventories	\$ 203,978	\$ -	\$ 203,978	\$ 170,744
Committed Special Revenue	5,058,494	1,449,435	6,507,929	4,161,905
Total Fund Balances	\$ 5,262,472	\$ 1,449,435	\$ 6,711,907	\$ 4,332,649
Total Liabilities and Fund Balances	\$ 5,667,643	\$ 1,470,524	\$ 7,138,167	\$ 5,697,979

BOARD OF EDUCATION OF THE CITY OF FARGO

Schedule of Fund Activity

For the Year Ended June 30, 2022

	Restated Balance 7/1/2021	Revenue	Transfers In	Other Financing Sources	Transfers Out	Expenditures	Balance 6/30/2022
Major Funds							
General Fund - Fund 10	\$ 38,693,281	\$ 189,503,993	\$ 350,000	\$ 13,599	\$ 4,499,862	\$ 186,782,550	\$ 37,278,461
<u>Debt Service Funds</u>							
Debt Service - Fund 40	\$ -	\$ -	\$ 8,695,970	\$ -	\$ -	\$ 8,695,970	\$ -
Building Authority - Fund 49	-	-	307,802	-	-	307,802	-
Total Debt Service Funds	\$ -	\$ -	\$ 9,003,772	\$ -	\$ -	\$ 9,003,772	\$ -
<u>Capital Projects Fund</u>							
CP/SA/SL - Funds 30-39	\$ 10,283,942	\$ 12,891,442	\$ 6,500,000	\$ 8,050,211	\$ 15,195,970	\$ 4,373,710	\$ 18,155,915
Total Major Funds	\$ 48,977,223	\$ 202,395,435	\$ 15,853,772	\$ 8,063,810	\$ 19,695,832	\$ 200,160,032	\$ 55,434,376
Non-Major Funds							
<u>Special Revenue Funds</u>							
Food Service - Fund 50	\$ 3,186,213	\$ 10,472,240	\$ 3,169	\$ -	\$ 350,000	\$ 8,049,151	\$ 5,262,471
Student Activities - Fund 60	1,163,188	3,012,289	4,188,891	-	-	6,914,932	1,449,436
Total Special Revenue Funds	\$ 4,349,401	\$ 13,484,529	\$ 4,192,060	\$ -	\$ 350,000	\$ 14,964,083	\$ 6,711,907
Total Governmental Funds	\$ 53,326,624	\$ 215,879,964	\$ 20,045,832	\$ 8,063,810	\$ 20,045,832	\$ 215,124,115	\$ 62,146,283
Internal Service Fund							
Health Insurance - Fund 80	\$ 4,640,374	\$ 21,825,911	\$ -	\$ -	\$ -	\$ 23,256,377	\$ 3,209,908
Total Internal Service Fund	\$ 4,640,374	\$ 21,825,911	\$ -	\$ -	\$ -	\$ 23,256,377	\$ 3,209,908
Fiduciary Funds							
Custodial - Fund 70	\$ 30,468	\$ 27,591	\$ -	\$ -	\$ -	\$ 33,322	\$ 24,737
Total Custodial Funds	\$ 30,468	\$ 27,591	\$ -	\$ -	\$ -	\$ 33,322	\$ 24,737
Total All Funds	\$ 57,997,466	\$ 237,733,466	\$ 20,045,832	\$ 8,063,810	\$ 20,045,832	\$ 238,413,814	\$ 65,380,928

SECTION III
STATISTICAL SECTION



STATISTICAL SECTION

This part of the Board of Education of the City of Fargo's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says 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 Reports for the relevant year.

FINANCIAL TRENDS



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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 91,159,476
Restricted For:										
Capital Projects	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	11,236,415
Debt Service	-	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25	13	-
Unrestricted	(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	35,430,572
Total Net Position	\$ 26,419,073	\$ 12,384,593	\$ 18,704,283	\$ 20,117,426	\$ 21,677,620	\$ 24,553,378	\$ 25,785,829	\$ 12,257,473	\$ 144,125,881	\$ 137,826,463

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues:										
Taxes										
Property Taxes - Levied for General Purposes	\$ 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	\$ 50,660,265
Property Taxes - Levied for Debt Service	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	7,432,479
Other Tax Revenue	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	936,018
State Aid not Restricted to Specific Program										
Per Pupil Aid	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	48,831,622
Interest Income and Other Revenue	1,809,281	2,293,467	2,092,352	1,537,030	1,301,310	199,755	398,845	329,467	451,553	1,181,006
Total General Revenues	\$170,099,303	\$168,781,743	\$164,642,425	\$160,445,693	\$157,084,414	\$153,547,275	\$148,709,745	\$ 140,313,614	\$136,145,894	\$109,041,390
Program Revenues:										
Charges for Services										
Instruction	\$ 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	\$ 2,762,100
Support Services	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	6,235,205
Operating Grants and Contributions										
Instruction	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	30,465,974
Support Services	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	3,289,984
Capital Grants and Contributions										
Instruction	-	-	22,000	-	-	-	-	-	-	-
Support Services	106,566	915,093	936,500	1,221,250	-	-	-	-	-	-
Total Program Revenues	\$ 47,067,406	\$ 37,592,753	\$ 26,056,878	\$ 25,476,184	\$ 22,270,653	\$ 22,045,358	\$ 22,586,514	\$ 21,137,520	\$ 20,006,886	\$ 42,753,263
Total Revenues	\$217,166,709	\$206,374,496	\$190,699,303	\$185,921,877	\$179,355,067	\$175,592,633	\$171,296,259	\$ 161,451,134	\$156,152,780	\$151,794,653
Expenses:										
Instruction										
Regular	\$ 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	\$ 70,743,513
Special Education	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	21,786,728
Vocational Education	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	5,188,390
Adult Education	1,086,164	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757	711,602
Support Services										
Pupil Services	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	3,746,236
Instructional Staff Services	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	5,319,903
General Administration Services	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	2,235,323
School Administration Services	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	8,506,734
Business Services	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	2,454,921
Operations and Maintenance	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	13,097,626
Pupil Transportation Services	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	2,017,086
Co-Curricular	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	4,400,938
Food Services Outlay	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	5,836,167
Community Services	1,227,476	780,709	96,642	95,378	91,079	94,552	262,213	293,853	284,287	327,439
Capital Outlay	2,030,595	-	-	-	-	-	-	-	-	-
Debt Services										
Interest and Charges on Long-Term Debt	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	5,499,347
Total Expenses	\$204,743,254	\$212,695,030	\$192,112,446	\$187,482,071	\$180,588,258	\$176,825,084	\$157,767,903	\$ 158,647,485	\$149,853,362	\$151,871,953
Change in Net Position	\$ 12,423,455	\$ (6,320,534)	\$ (1,413,143)	\$ (1,560,194)	\$ (1,233,191)	\$ (1,232,451)	\$ 13,528,356	\$ 2,803,649	\$ 6,299,418	\$ (77,300)
Net Position - July 1	\$ 12,384,593	\$ 18,704,283	\$ 20,117,426	\$ 21,677,620	\$ 24,553,378	\$ 25,785,829	\$ 12,257,473	\$ 144,125,881	\$137,826,463	\$137,903,763
Prior Period Adjustment	\$ 1,611,025	\$ 844	\$ -	\$ -	\$ (1,642,567)	\$ -	\$ -	\$ (134,672,057)	\$ -	\$ -
Net Position - July 1 Restated	\$ 13,995,618	\$ 18,705,127	\$ 20,117,426	\$ 21,677,620	\$ 22,910,811	\$ 25,785,829	\$ 12,257,473	\$ 9,453,824	\$137,826,463	\$137,903,763
Net Position - June 30	\$ 26,419,073	\$ 12,384,593	\$ 18,704,283	\$ 20,117,426	\$ 21,677,620	\$ 24,553,378	\$ 25,785,829	\$ 12,257,473	\$144,125,881	\$137,826,463

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

Year Ended June 30,	Local Sources	State Sources	Federal Sources	Other Sources	Total
2013	\$ 55,591,933	\$ 70,892,000	\$ 8,643,839	\$ 159,651	\$135,287,423
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

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,	Regular Instruction	Special Education	Vocational Education	Adult Education	Pupil Services	Instructional Staff Services	General Administration Services	School Administration Services	Business Services
2013	\$ 65,722,668	\$ 20,157,808	\$ 4,688,374	\$ 669,828	\$ 3,594,298	\$ 5,287,464	\$ 2,335,197	\$ 8,549,585	\$ 2,416,087
2014	64,708,323	21,050,947	5,158,907	655,834	3,985,241	4,942,322	2,373,137	9,238,871	2,970,763
2015	68,965,147	22,724,862	5,219,095	757,214	4,243,820	4,981,551	2,461,995	9,652,255	3,169,752
2016	70,810,878	24,420,358	5,426,695	886,606	4,410,997	4,975,739	2,618,431	10,078,238	4,897,258
2017	73,095,302	25,215,023	5,966,993	849,895	4,377,276	4,895,252	2,786,378	10,214,991	4,926,683
2018	72,427,801	27,382,094	5,700,296	861,503	4,742,513	4,615,325	3,150,824	10,134,016	4,885,816
2019	75,053,916	29,646,194	5,866,650	895,352	5,094,390	4,942,728	3,010,838	10,282,923	4,582,477
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	4,540,771
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	4,792,419
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	4,994,852

Year Ended June 30,	Operations and Maintenance	Pupil Transportation	Co-Curricular	Community Services	Capital Outlay	Debt Principal	Debt Interest	Capital Outlay	Total
2013	\$ 12,991,753	\$ 2,017,135	\$ 153,919	\$ 327,724	\$ -	\$ 1,846,872	\$ -	\$ -	\$ 130,758,712
2014	17,357,834	2,286,381	247,410	274,508	-	-	-	-	135,250,478
2015	15,819,734	2,247,814	217,573	289,205	33,595	-	-	-	140,783,612
2016	16,226,326	2,209,448	230,387	266,967	-	-	-	-	147,458,328
2017	15,249,635	2,344,675	240,863	88,124	-	-	-	-	150,251,090
2018	17,024,384	2,407,839	242,261	89,329	-	-	-	-	153,664,001
2019	16,238,223	2,539,251	251,452	89,801	-	-	-	-	158,494,195
2020	15,897,575	2,310,011	255,425	90,156	-	-	-	-	162,336,912
2021	17,257,790	2,671,883	261,580	697,159	-	-	-	-	176,139,201
2022	16,904,484	2,878,270	264,502	1,226,357	-	-	-	1,696,913	186,782,550

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Local Sources</u>										
Property Taxes	\$ 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	\$ 58,092,744
Charges for Services	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	8,997,305
Other Local Sources	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	936,018
Capital Grants and Contributions	106,566	915,093	958,500	1,221,250	-	-	-	-	-	-
Total Local Sources	\$ 75,513,195	\$ 70,992,052	\$ 69,439,255	\$ 68,327,167	\$ 63,568,683	\$ 60,486,192	\$ 60,317,653	\$ 55,189,242	\$ 54,280,638	\$ 68,026,067
<u>State Sources</u>										
Per Pupil Aid	\$ 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	\$ 48,831,622
<u>Federal Sources</u>										
Operating Grants and Contributions	\$ 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	\$ 33,755,958
Interest and Other Revenues	\$ 1,809,281	\$ 2,293,467	\$ 2,092,352	\$ 1,537,030	\$ 1,301,310	\$ 199,755	\$ 398,845	\$ 329,467	\$ 451,553	\$ 1,181,006
Total Revenues	\$ 217,166,709	\$ 206,374,496	\$ 190,699,303	\$ 185,921,877	\$ 179,355,067	\$ 175,592,633	\$ 171,296,259	\$ 161,451,134	\$ 156,152,780	\$ 151,794,653

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Instruction</u>										
Regular Instruction	\$ 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	\$ 70,743,513
Special Instruction	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	21,786,728
Vocational Education	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	5,188,390
Adult Education	1,086,164	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757	711,602
Total Instruction	\$ 135,317,117	\$ 140,803,126	\$ 123,755,777	\$ 119,211,442	\$ 112,005,299	\$ 113,335,377	\$ 99,745,931	\$ 99,816,014	\$ 91,068,166	\$ 98,430,233
<u>Supporting Services</u>										
Pupil Services	\$ 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	\$ 3,746,236
Instructional Staff	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	5,319,903
General Administrative	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	2,235,323
School Administrative	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	8,506,734
Business Services	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	2,454,921
Operations and Maintenance	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	13,097,626
Pupil Transportation	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	2,017,086
Co-Curricular	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	4,400,938
Food Service	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	5,836,167
Total Supporting Services	\$ 63,786,720	\$ 68,876,351	\$ 65,444,980	\$ 64,815,698	\$ 65,469,692	\$ 60,053,808	\$ 53,917,322	\$ 54,623,048	\$ 55,211,372	\$ 47,614,934
Community Services	\$ 1,227,476	\$ 780,709	\$ 96,642	\$ 95,378	\$ 91,079	\$ 94,552	\$ 262,213	\$ 293,853	\$ 284,287	\$ 327,439
Capital Outlay	\$ 2,030,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Other Charges on Long Term Debt	\$ 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	\$ 5,499,347
Total Expenditures	\$ 204,743,254	\$ 212,695,030	\$ 192,112,446	\$ 187,482,071	\$ 180,588,258	\$ 176,825,084	\$ 157,767,903	\$ 158,647,485	\$ 149,853,362	\$ 151,871,953

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

Fiscal Year	Food Service Fund	Student Activities Fund
2013	\$ 5,970,215	\$ 416,603
2014	5,973,607	445,151
2015	6,021,511	474,453
2016	6,108,742	477,901
2017	6,439,904	478,782
2018	6,907,001	1,318,620
2019	7,149,482	2,421,022
2020	6,430,805	1,704,334
2021	7,585,832	2,709,245
2022	10,472,240	3,012,289

EXPENDITURE HISTORY

Fiscal Year	Food Service Fund	Student Activities Fund
2013	\$ 5,744,536	\$ 4,148,559
2014	6,013,613	4,254,771
2015	6,111,901	3,795,353
2016	6,233,833	4,057,037
2017	6,300,358	4,008,970
2018	6,405,284	5,304,617
2019	6,814,682	6,533,061
2020	6,867,497	6,570,837
2021	6,525,028	6,524,900
2022	8,049,151	6,914,932

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable										
Inventories	\$ 660,004	\$ 581,774	\$ 415,908	\$ 271,175	\$ 230,435	\$ 215,830	\$ 190,953	\$ 169,767	\$ 127,887	\$ 139,460
Prepaid Expenses	-	-	-	-	-	-	-	16,410	-	-
Restricted										
Debt Service	-	-	-	-	-	-	-	-	-	-
Unassigned	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	26,280,590
Total General Fund	\$ 37,278,461	\$ 37,003,651	\$ 32,974,678	\$ 31,852,867	\$ 31,936,278	\$ 31,648,277	\$ 30,185,354	\$ 28,975,841	\$ 28,228,428	\$ 26,420,050
All Other Governmental Funds										
Nonspendable										
Inventories	\$ 203,978	\$ 170,744	\$ 171,367	\$ 81,770	\$ 1	\$ 9,467	\$ 10,024	\$ 10,413	\$ 9,322	\$ 7,751
Notes Receivable	-	-	-	-	-	-	-	2,416,783	2,662,140	2,901,134
Restricted										
Debt Service	-	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25	16	-
Capital Projects Fund	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	5,613,948
Committed										
Special Revenue Fund	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	2,905,649
Total All Other Governmental	\$ 24,867,822	\$ 14,616,591	\$ 14,282,046	\$ 25,483,775	\$ 18,051,895	\$ 18,476,469	\$ 23,694,152	\$ 22,714,720	\$ 31,222,846	\$ 11,428,482

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local Sources	\$ 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	\$ 68,383,101
State Sources	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	70,945,740
Federal Sources	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	10,973,174
Other Sources	63,997	43,393	2,800	12,872	123,074	26,470	185,428	210,875	226,615	159,651
Total Revenues	\$ 215,879,964	\$ 207,267,154	\$ 190,634,314	\$ 185,429,576	\$ 178,907,637	\$ 175,562,028	\$ 171,487,769	\$ 161,910,589	\$ 157,434,922	\$ 150,461,666
Expenditures:										
Instruction:										
Regular	\$ 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	\$ 65,722,668
Special Education	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	20,157,808
Vocational Education	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	4,688,374
Adult Education	1,049,967	1,019,470	1,005,564	895,352	861,503	849,895	886,606	757,214	655,834	669,828
Support Services:										
Pupil Services	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	3,594,298
Instructional Staff Services	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	5,287,464
General Administration Services	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	2,335,197
School Administration Services	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	8,549,585
Business Services	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	2,416,087
Operations and Maintenance	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	12,996,065
Pupil Transportation Services	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	2,017,135
Co-Curricular	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	4,302,478
Food Service Outlay	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	45,089
Community Services	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	5,744,536
Capital Outlay	6,023,075	16,765,000	90,156	89,801	89,329	88,124	266,967	289,205	274,508	327,724
Total Expenditures	\$ 205,739,114	\$ 206,503,979	\$ 183,088,890	\$ 182,704,087	\$ 168,548,376	\$ 168,039,581	\$ 170,758,929	\$ 168,441,982	\$ 153,094,240	\$ 138,854,336
Debt Service:										
Principal	\$ 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	\$ 11,379,301
Interest	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	4,324,502
Bond Costs	333,843	185,623	207,619	163,462	755	109,704	518,233	296,985	306,849	248,569
Total Debt Service Expenditures	\$ 9,385,001	\$ 8,618,163	\$ 11,586,962	\$ 11,132,235	\$ 10,557,930	\$ 10,432,235	\$ 12,675,030	\$ 11,362,378	\$ 9,875,755	\$ 15,952,372
Total Expenditures	\$ 215,124,115	\$ 215,122,142	\$ 194,675,852	\$ 193,836,322	\$ 179,106,306	\$ 178,471,816	\$ 183,433,959	\$ 179,804,360	\$ 162,969,995	\$ 154,806,708
Excess of Revenues Over (Under) Expenditures	\$ 755,849	\$ (7,854,988)	\$ (4,041,538)	\$ (8,406,746)	\$ (198,669)	\$ (2,909,788)	\$ (11,946,190)	\$ (17,893,771)	\$ (5,535,073)	\$ (4,345,042)
Other Financing Sources (Uses):										
Transfers In	\$ 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	\$ 16,736,522
Transfers Out	(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)	(16,736,522)
Premium on the Sale of Bonds	130,211	986,497	743,036	1,719,394	-	672,342	3,002,555	312,351	-	708,702
Debt Issuance	7,920,000	11,205,000	18,475,000	14,000,000	-	8,795,000	29,470,000	19,585,000	26,970,000	26,130,000
Payment to Refunded Bond Escrow Agent	-	-	(25,270,000)	-	-	(9,350,000)	(26,455,000)	(10,000,000)	-	(23,248,638)
Refunded Bonds Redeemed	-	-	-	-	-	-	-	-	-	(1,497,473)
Discount on the Sale of Bonds	-	-	-	-	-	-	-	-	(57,888)	-
Refund of Prior Year's Expense	-	-	10,297	10,781	9,900	-	-	-	-	-
Sale of Capital Assets	13,599	27,865	3,287	25,040	52,196	10,898	8,117,580	235,707	225,703	1,564,535
Total Other Financing Sources (Uses)	\$ 8,063,810	\$ 12,219,362	\$ (6,038,380)	\$ 15,755,215	\$ 62,096	\$ (844,972)	\$ 14,135,135	\$ 10,133,058	\$ 27,137,815	\$ 3,657,126
Net Change in Fund Balances	\$ 8,819,659	\$ 4,364,374	\$ (10,079,918)	\$ 7,348,469	\$ (136,573)	\$ (3,754,760)	\$ 2,188,945	\$ (7,760,713)	\$ 21,602,742	\$ (687,916)
Fund Balance - July 1	\$ 51,620,242	\$ 47,256,724	\$ 57,336,642	\$ 49,988,173	\$ 50,124,746	\$ 53,879,506	\$ 51,690,561	\$ 59,451,274	\$ 37,848,532	\$ 38,536,448
Prior Period Adjustment	\$ 1,706,382	\$ (856)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances - July 1, as Restated	\$ 53,326,624	\$ 47,255,868	\$ 57,336,642	\$ 49,988,173	\$ 50,124,746	\$ 53,879,506	\$ 51,690,561	\$ 59,451,274	\$ 37,848,532	\$ 38,536,448
Fund Balance - June 30	\$ 62,146,283	\$ 51,620,242	\$ 47,256,724	\$ 57,336,642	\$ 49,988,173	\$ 50,124,746	\$ 53,879,506	\$ 51,690,561	\$ 59,451,274	\$ 37,848,532

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

Summary of General Fund Balances

Last Ten Fiscal Years

Fiscal Year	Beginning Fund Balance at July 1	Prior Period Adjustment	Revenues	Expenditures	Other Financing Uses and Residual Equity Transfers In	Ending Fund Balance at June 30
2013	\$ 26,712,765	\$ -	\$ 135,287,423	\$ 130,758,712	\$ (4,821,426)	\$ 26,420,050
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

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

Summary of Special Revenue Fund Balances
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Food Service Fund</u>	<u>Student Activities Fund</u>
2013	\$ 2,913,400	\$ -
2014	2,687,520	-
2015	2,415,417	-
2016	2,360,877	-
2017	2,571,353	-
2018	3,123,039	-
2019	3,165,761	-
2020	2,420,687	-
2021	3,186,213	1,163,188
2022	5,262,471	1,449,436

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

<u>Fiscal Year</u>	<u>Unassigned Fund Balance</u>	<u>Annual Expenditures</u>	<u>Balance as a Percent of Expenditures</u>
2013	\$ 26,280,590	\$ 130,758,712	20.10%
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%

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
2013	\$ 642,635	\$ 22,923,632	\$ 78,889,960	\$ 24,512,446	\$ 142,644,648	\$ 269,613,321	\$ (781,723)	\$ (912,815)	\$ 267,918,783	\$ 2,846,220,876	\$ 5,692,441,751	9.41%
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	435,469,957	(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%

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

Fiscal Year	Net Taxable Value	Assessed Value	Real Market Value
2013	\$ 267,918,783	\$ 2,846,220,876	\$ 5,692,441,751
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

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

Fiscal Year	General Fund	Building Construction Fund	Special Assessment Fund	Total Mills
2013	191.18	26.35	1.75	219.28
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

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 2021		Tax Year 2012	
	Taxable Value	Percentage of Total Taxable Value	Taxable Value	Percentage of Total Taxable Value
Northern States Power Company	\$ 5,037,791	1.01%	\$ 3,240,421	1.21%
Sanford North	3,252,325	0.65%		
Great Plains Software Inc	2,014,100	0.40%	856,030	0.32%
Ryan Fargo LLC	2,014,050	0.40%		
1709 25th Ave S	1,488,750	0.30%		
U32 Apartments LLC	1,469,985	0.29%		
Case Equipment Corporation	1,442,800	0.29%	1,118,235	0.42%
NDSU Development Foundation	1,247,450	0.25%		
Innovis Health LLC	1,176,310	0.24%	1,748,630	0.65%
Store SPE Mills Fleet 2016-1 LLC	1,037,090	0.21%		
Inreit Properties LLLP	-	-	2,636,960	0.98%
Matrix Properties Corp.	-	-	1,578,100	0.59%
Dakota Park Limited Patnership	-	-	1,243,910	0.46%
The Waterford at Harwood Groves LLC	-	-	1,154,005	0.43%
Meritcare Medical Group	-	-	1,229,810	0.46%
Meritcare Hospital	-	-	1,199,225	0.45%
Total Attributable to Ten Largest Taxpayers	\$ 20,180,651	4.04%	\$ 16,005,326	5.97%
Total Taxable Value	\$ 499,798,120	100.00%	\$ 267,918,783	100.00%

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		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
2013	\$ 58,841,798	\$ 506,199	\$ 59,347,997	\$ 53,703,480	91.27%	\$ 3,060,039	\$ 56,763,519	95.65%
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%	165,154	63,259,883	95.16%
2022	70,234,269	(41,458)	70,192,811	64,010,239 *	91.14%	-	64,010,239	91.19%

*Collection is as of June 30, 2022

Source: Cass County Auditor's Office

BOARD OF EDUCATION OF THE CITY OF FARGO

Levies and Mill Conversion
Last Ten Fiscal Years

	<u>2021-22</u>	<u>2020-21</u>
Taxable Valuation	\$ 494,385,417	\$ 454,124,521
One Millage of Tax	X 0.001	X 0.001
Each Mill Will Return (Approximately)	<u>\$ 494,385</u>	<u>\$ 454,125</u>
 Actual Dollars Levied		
General Fund	\$ 58,278,327	\$ 55,207,201
Building Fund	12,112,588	11,474,284
Special Assessments	574,601	544,321
Total Required Levy	<u>\$ 70,965,516</u>	<u>\$ 67,225,806</u>
 Mill Conversion:		
General Fund	126.78	126.78
Building Construction Fund	26.35	26.35
Special Assessments	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

The Ratio of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Bond Premium	Taxable Valuation	Estimated Actual Taxable Value of Property	Estimated Population*	Per Capita Debt
2013	\$ 85,745,000	\$ -	\$ 85,745,000	\$ 1,509,134	\$ 267,918,783	32.00%	109,779	781
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

Source: District Accounting Department
Cass County Auditor's Office

*Estimated Population: United States Census Bureau Quickfacts

BOARD OF EDUCATION OF THE CITY OF FARGO

Direct and Overlapping Debt
 For the Year Ended June 30, 2022

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	\$ 88,694,370	100%	\$ 88,694,370
Total District Direct Debt			<u>\$ 88,694,370</u>
Cass County	\$ 155,000	44.9%	\$ 69,595
City of Fargo	\$ 562,215,000	67.1%	377,246,265
Fargo Park District	\$ 57,190,000	67.1%	38,374,490
Other Entities*			-
Total Overlapping Debt			<u>\$ 415,690,350</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 504,384,720</u></u>

*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 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Assessed Value of all Property	\$ 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	\$ 2,846,220,876
Debt Limit - 5% of Assessed Value	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	142,311,044
<u>Legal Debt Margin:</u>										
Debt Applicable to Limitation	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	65,030,000
Legal Debt Margin	\$ 174,778,633	\$ 155,487,250	\$ 148,248,116	\$ 117,559,537	\$ 115,568,501	\$ 97,994,280	\$ 77,631,734	\$ 60,275,061	\$ 57,353,258	\$ 77,281,044
Total Debt Applicable to Limitation as a Percentage of Debt Limit	33.52%	35.69%	35.21%	44.10%	41.97%	47.39%	54.12%	60.79%	60.63%	45.70%

Source: District Accounting Department
Cass County Auditor's Office

BOARD OF EDUCATION OF THE CITY OF FARGO

Ratios of Outstanding Debt to Assessed Value 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 Debt to Valuation	Percent Debt to Total Personal Income	Per Capita Debt
2013	109,779	\$ 267,918,783	\$2,846,220,876	\$ 42,740	\$4,691,954,460	\$ 85,745,000	\$ 91,134	\$ 1,509,134	3.02%	1.83%	782
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

Source: District Accounting Department
 Fargo Cass County Economic Development Corp
 Cass County Assessor's Office
 US Department of Commerce: Bureau of Economic Analysis
 * Estimated Population: U.S. Census Bureau

BOARD OF EDUCATION OF THE CITY OF FARGO

Schedule of Bonds Payable

For the Year Ended June 30, 2022

Bonds Payable	Issue Date	Maturity Date	Interest Rates	Amounts Issued	Amounts Retired	Balance Outstanding
2012 Limited Tax Refunding Bond Series	2012	2023	2.00% - 2.25%	\$ 24,615,000	\$ 23,350,000	\$ 1,265,000
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	1,965,630	4,034,370
2016A State School Construction Bond Series	2016	2036	2.00% - 4.00%	9,160,000	1,840,000	7,320,000
2016B Limited Tax Bond Series	2016	2024	5.00%	14,310,000	6,895,000	7,415,000
2018 Limited Tax Refunding Bond Series	2018	2038	4.00% - 5.00%	14,000,000	1,350,000	12,650,000
2019 Limited Tax Bond Series	2019	2032	2.40% - 3.00%	18,475,000	325,000	18,150,000
2020 Limited Tax Refunding Bond Series	2020	2040	2.00% - 5.00%	11,205,000	420,000	10,785,000
2022A Limited Tax Bond Series	2022	2042	3.00% - 4.00%	7,920,000	-	7,920,000
Building Authority Revenue Bonds						
2017 Lease Revenue Refunding Bonds Series	2017	2024	3.00% - 5.00%	8,795,000	8,225,000	570,000
				<u>\$ 134,065,000</u>	<u>\$ 45,370,630</u>	<u>\$ 88,694,370</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, 2022

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,697,148	\$ 2,621,262	\$ 7,318,410
2024	5,545,070	2,507,367	8,052,437
2025	7,093,020	2,248,292	9,341,312
2026	7,676,001	2,018,261	9,694,262
2027	8,054,011	1,811,351	9,865,362
2028	7,092,051	1,596,174	8,688,225
2029	6,050,121	1,390,341	7,440,462
2030	6,243,222	1,189,939	7,433,161
2031	6,446,355	1,002,362	7,448,717
2032	6,624,518	812,779	7,437,297
2033	4,982,713	635,051	5,617,764
2034	2,755,940	518,591	3,274,531
2035	2,834,200	437,747	3,271,947
2036	2,585,000	353,924	2,938,924
2037	2,670,000	270,388	2,940,388
2038	2,135,000	193,081	2,328,081
2039	2,205,000	122,178	2,327,178
2040	1,205,000	69,960	1,274,960
2041	1,240,000	37,160	1,277,160
2042	560,000	10,220	570,220
	<u>\$ 88,694,370</u>	<u>\$ 19,846,428</u>	<u>\$ 108,540,798</u>

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

The Ratio of Annual Debt Service for General Bonded Debt to Noncapital Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total Noncapital Expenditures	Percent of Debt Service to Noncapital Expenditures
2013	\$ 5,875,000	\$ 4,123,200	\$ 9,998,200	\$ 154,761,619	6.46%
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%

Source of Data: District Accounting Department

DEMOGRAPHIC AND ECONOMIC INFORMATION



BOARD OF EDUCATION OF THE CITY OF FARGO

Demographic Statistics

Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>POPULATION*</u>	<u>UNEMPLOYMENT RATE</u>
2013	109,779	3.6%
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%

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

*Estimate

BOARD OF EDUCATION OF THE CITY OF FARGO

Principal Employers in Fargo Metropolitan Area
Current and Nine Years Ago

Employer	2022			2013		
	FTE's	Rank	Percentage of Total Employment	FTE's	Rank	Percentage of Total Employment
Sanford Health	9,349	1	6.36%	7,820	1	6.68%
North Dakota State University	4,156	2	2.83%	4,218	2	3.60%
Essentia Health	2,690	3	1.83%	2,650	3	2.26%
Fargo Public School District No. 1	1,860	4	1.27%	1,898	4	1.62%
West Fargo Public Schools	1,622	5	1.10%			
Noridian Healthcare Solutions	1,511	6	1.03%			
US Bank Service Center	1,213	7	0.82%	1,100	7	0.94%
Fargo VA Health Care System	1,186	8	0.81%			
Microsoft Business Solutions	1,024	9	0.70%	876	10	0.75%
Integrity Windows and Doors	1,000	10	0.68%			
Border States Electric				1,400	5	1.20%
Case New Holland				1,120	6	0.96%
Blue Cross Blue Shield of ND				1,022	8	0.87%
Moorhead Area Public Schools				903	9	0.77%
*Employed Labor Force	147,035			117,147		

Source: Job Service North Dakota
Workforce Intelligence Network
Greater Fargo Moorhead Economic Development Corporation
Chamber of Commerce of Fargo-Moorhead-West Fargo

*Employed Labor Force as of July 2022 and June 2013

OPERATING INFORMATION



BOARD OF EDUCATION OF THE CITY OF FARGONumber of School District Employees by Function
Last Ten Fiscal Years

	<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>	<u>2013</u>
Administrators/Board Members	78	80	62	54	66	65	66	69	71	69
Nutritional Services	118	126	129	129	119	129	121	121	100	117
Maintenance	134	136	126	125	146	128	124	128	130	124
Support Staff	739	621	633	673	601	580	541	520	508	466
OT/PT/Social Workers	15	19	26	17	30	17	17	5	20	16
Teachers	<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>	<u>959</u>
TOTAL	<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>	<u>1,751</u>

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FUNCTION										
Instruction:										
Regular	\$ 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	\$ 84,412,168
Special Education	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	25,901,816
Vocational Education	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	6,030,711
Adult Education	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	853,906
Total Instruction	\$ 142,725,428	\$ 136,396,089	\$ 129,386,444	\$ 131,197,650	\$ 131,228,295	\$ 131,014,266	\$ 125,656,715	\$ 111,260,151	\$ 109,593,483	\$ 117,198,601
Support Services:										
Pupil Services	\$ 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	\$ 4,625,324
Instructional Staff Services	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	6,795,669
General Administration Services	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	3,006,461
School Administration Services	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	10,976,250
Business Services	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	3,095,409
Operations and Maintenance	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	16,686,747
Pupil Transportation Services	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	2,597,297
Extracurricular	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	5,532,599
Food Service Outlays	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	7,382,729
Total Support Services	\$ 71,772,116	\$ 68,840,178	\$ 69,274,214	\$ 70,967,772	\$ 75,122,295	\$ 69,422,397	\$ 69,448,390	\$ 60,039,567	\$ 64,198,910	\$ 60,698,485
Total Function	\$ 214,497,544	\$ 205,236,267	\$ 198,660,658	\$ 202,165,422	\$ 206,350,590	\$ 200,436,663	\$ 195,105,105	\$ 171,299,718	\$ 173,792,393	\$ 177,897,086
CAPITAL ASSETS BY CLASSIFICATION										
Land	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 13,418,098	\$ 13,418,098	\$ 11,395,198	\$ 11,395,198	\$ 11,395,198
Buildings and Improvements (Net)	194,769,367	185,816,628	179,125,088	182,987,183	187,055,760	183,094,388	178,251,151	156,734,379	159,248,023	163,354,284
Equipment and Vehicles (Net)	4,460,079	4,151,541	4,267,472	3,910,141	4,026,732	3,924,177	3,435,856	3,170,141	3,149,172	3,147,604
Total Capital Assets	\$ 214,497,544	\$ 205,236,267	\$ 198,660,658	\$ 202,165,422	\$ 206,350,590	\$ 200,436,663	\$ 195,105,105	\$ 171,299,718	\$ 173,792,393	\$ 177,897,086

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

YEAR	PRESCHOOL	ELEMENTARY GRADES K-5	MIDDLE SCHOOL GRADES 6-8	HIGH SCHOOL GRADES 9-12	GRAND TOTAL
2012-13	127	4,960	2,366	3,382	10,835
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

Source of Data: District Accounting Department 2021-22 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, 2022

AVERAGE DAILY MEMBERSHIP	11,657.45	
<u>GENERAL FUND:</u>		
Regular Instruction	\$ 7,842	
Special Education	2,900	
Vocational Education	613	
Adult Education	90	
Pupil Services	523	
Instructional Staff Services	422	
General Administrative	263	
School Administrative	970	
Business Services	428	
Operations and Maintenance	1,450	
Pupil Transportation	247	
Co-Curricular	23	
Community Services	105	
	<hr/>	\$ 15,876
CAPITAL PROJECTS		375
FOOD SERVICE		689
STUDENT ACTIVITIES		566
DEBT SERVICE		<hr/> 772
TOTAL		<hr/> <u>\$ 18,278</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, 2022

Federal Financial Assistance Listing/Federal CFDA Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Grantor's Identifying Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE PROGRAMS:			
<i>Passed through the North Dakota Department of Public Instruction:</i>			
10.553	Child Nutrition Cluster: School Breakfast Program	F10553	\$ 2,049,449
10.555	National School Lunch Program - Cash	F10555, F10555C, F10555E, F10555S	6,466,856
10.555	National School Lunch Program - Commodities**	F10555	419,214
10.559	Summer Food Service Program for Children - Cash	F10559	235,388
10.559	Summer Food Service Program for Children - Commodities**	F10559	3,694
10.582	Fresh Fruit and Vegetable Program Total Child Nutrition Cluster	F10582	<u>376,111</u> 9,550,712
10.558	Child and Adult Care Food Program	F10558 & F10558A	4,961
10.560	State Administrative Expenses for Child Nutrition	F10560	17,205
10.649	State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	F10649	3,063
<i>Passed through the North Dakota State University:</i>			
10.527	New Beginning for Tribal Students Programs	F10527	1,606
Total U.S Department of Agriculture			\$ 9,577,547
U.S. DEPARTMENT OF DEFENSE:			
<i>Passed through the National Security Agency:</i>			
12.900	Language Grant Programs	N/A	\$ 80,669
Total U.S Department of Defense			\$ 80,669
U.S. DEPARTMENT OF JUSTICE:			
<i>Passed through the North Dakota Department of Corrections and Rehabilitation - Division of Juvenile Services</i>			
16.540	Office of Juvenile Justice and Delinquency Prevention Formula Grants Program	N/A	\$ 78,653
Total U.S Department of Justice			\$ 78,653
U.S. DEPARTMENT OF EDUCATION PROGRAMS:			
84.060	Direct Assistance: Indian Education Grants to Local Education Agencies	N/A	\$ 102,724
<i>Passed through the North Dakota Department of Public Instruction:</i>			
84.002	Adult Education - Basic Grants for States	F84002A	259,122
84.010	Title I - Grants to LEA's	F84010	4,973,480
Special Education Cluster:			
84.027	COVID-19 Special Education-Grants to States	F84027A	3,289,902
84.027	COVID-19 ARP Special Education-Grants to States	F84027X	449,940
84.173	Special Education- Preschool Grants Total Special Education Cluster	F84173	<u>66,338</u> 3,806,180
84.196	Education for Homeless Children and Youth	F84196A	6,130
84.365A	English Language Acquisition Grants	F84365A	68,883
84.367A	Supporting Effective Instruction State Grants	F84367	1,010,921
84.369A	State Assessment Formula Grants (Choice Ready)	F84369A	103,069
84.371	Striving Readers/Comprehensive Literacy State Development (CLSD)	F84371C & F84371C2	1,133,581
84.424A	Student Support and Academic Enrichment Program	F84424A	551,368
<i>Passed through the North Dakota Teacher Support System:</i>			
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	N/A	12,844
<i>Passed through the North Dakota Office of Management and Budget:</i>			
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	N/A	85,566
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	F84425D	5,240,381
84.425U	COVID-19 - ARP - Elementary and Secondary School Emergency Relief (ESSER III) Fund	F84425U	6,433,939
84.425W	COVID-19 - ARP - Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	F84425W	<u>27,874</u>
			11,800,604
<i>Passed through the North Dakota Department of Career and Technical Education:</i>			
84.048A	Career and Technical Education - Basic Grants to States	N/A	311,238
Total U.S Department of Education			\$ 24,127,300
FEDERAL COMMUNICATIONS COMMISSION (FCC):			
<i>Passed through the Universal Service Administrative Company</i>			
32.009	COVID-19 Emergency Connectivity Fund Program	N/A	\$ 31,425
Total Federal Communications Commission			\$ 31,425
U.S. DEPARTMENT OF HUMAN SERVICES PROGRAMS:			
<i>Passed through the North Dakota Department of Public Instruction:</i>			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	N/A	\$ 26,069
93.576	Refugee and Entrant Assistance Discretionary Grants	N/A	33,599
<i>Passed through the North Dakota Department of Health:</i>			
93.323	Prevention and Public Health Fund	N/A	106,193
Total U.S Department of Human Services			\$ 165,861
Total Federal Financial Assistance			\$ 34,061,455

**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, 2022

NOTE 1: BASIS OF ACCOUNTING AND PRESENTATION

The accompanying schedule of expenditures of federal awards 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, 2022. 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 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 amount of commodities reported on the schedule is 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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 5, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

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*.

District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

December 5, 2022



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, 2022. 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, 2022.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
December 5, 2022

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
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:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
COVID-19 Education Stabilization Fund	84.425D, 84.425U, 84.425W
Special Education Cluster	84.027, 84.173
Dollar threshold used to distinguish between type A and type B programs:	\$ 1,021,844
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2022-001 Material Journal Entries, Including Restatement
Material Weakness**

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

Condition – During the course of our engagement, material audit adjustments were identified, including a restatement.

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

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

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

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

Section III – Federal Award Findings and Questioned Costs

**2022-002 Special Tests – Wage Rate Requirement
 Material Weakness in Internal Control over Compliance**

Federal program information:

Federal Agency and Pass-Through Entity	CFDA Number	Program Title	Contract Number	Award Year
Department of Education Passed through the North Dakota Department of Public Instruction	84.425	Education Stabilization Fund	F84425D, F84425U, F84425W	2022

Criteria – Uniform Guidance and 2 CFR 656.40 through 656.41 set forth the standards nonfederal entities other than states must follow when operating federal programs.

Condition – In our testing of special tests – wage rate requirements, the District did not ensure proper and timely inclusion of prevailing wage rate clauses in two construction contracts and also did not obtain proper support to ensure required certified payrolls were submitted in a timely fashion.

Cause – Lack of oversight, awareness, or understanding of all of the specific requirements under Uniform Guidance and applicable CFR sections, and controls were not adequately designed to ensure compliance with all of these requirements.

Effect – Lack of compliance to federal requirements increases the overall risk of non-compliance.

Questioned Costs – None reported.

Context/Sampling – Overall compliance requirement.

Repeat Finding from Prior Years – No.

Recommendation – We recommend that management establish controls to follow all applicable requirements under Uniform Guidance and applicable CFR sections.

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