

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



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, 2021

Dr. Rupak Gandhi, Superintendent

Prepared by:
Joy Retterath, CPA

BOARD OF EDUCATION OF THE CITY OF FARGO

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SECTION I

INTRODUCTORY SECTION





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January 14, 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, 2021, and the results of operations for the fiscal year 2021. This report was prepared in accordance with the United States generally accepted accounting principles (GAAP). The district administration accepts total responsibility for the accuracy, completeness, and fairness in the presentation. The Office of the State Auditor of the State of North Dakota 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 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 in separately issued 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 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

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 11,257 students in 2020-2021 from an estimated population of 125,990 in the city of Fargo, and the projected enrollment is expected to remain stable or grow. The District employs approximately 2,037 people, including 1,055 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 2020-2021 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:

- The construction and operation of a Setting D Program called the Explorer Academy.
- Renovations to accommodate growth in the Early Childhood Special Education Program.
- The construction of North High Schools Track & Field improvement.
- Construction and operation of a fourth middle school which will initially serve as an 8th - 9th-grade center.
- Special Education, English language learner, workforce readiness, language immersion, and other emerging educational needs will require additional financial resources.
- Continuing to offer competitive wages and employee benefit packages to attract and retain highly qualified employees.
- Legislation from the 2009 session requires the District to hold an election to continue the current mill levy at a level above the state mill levy cap. This election will need to occur before the 2027 tax year.

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 5.2%. 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 2021 building permit report, Fargo issued 1,733 permits and exceeded \$614 million in projected construction.

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.

STUDENT ASSESSMENT AND TESTING

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

BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued

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 2017-2018, 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 2020-2021 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.

aimsPlus:

aimsPlus 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. The spring assessment period for the 2020-2021 school year was missed due to the Covid-19 outbreak.

Measures of Academic Progress (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.

American College Test (ACT):

In 2020-2021 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 21.0 compared to a state average of 19.6. Also, in 2020-2021, 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.

ASPIRE Test:

During the 2020-2021 school year, two of our high schools utilized this new assessment test. It is a digitally based, longitudinal assessment designed to connect a student's growth and progress from elementary through high school. It contains both summative and periodic assessments in English, Reading, Writing, Math, and Science.

BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued

AVMR Test: (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 18th year in a row that the district has been named to the "Best Communities" list.
- U.S. News and World Report ranked Fargo's Davies and North High Schools as the number 2 and 3 high schools in the state of North Dakota based on student performance in the English language, arts, math, and science.
- The Fargo Public Schools has been named to the 8th Annual Advanced Placement (AP) District Honor Roll for expanding opportunities and improving performance for AP students.
- 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.
- Air Force Junior Reserve Officer's Training Corp was awarded the Distinguished Unit Award from the Military Officers Association of America.
- Fargo was voted the 6th best college town and city below 250,000 in population by the American Institute for Economic Research.
- Forbes Magazine ranked Fargo 12th on a list of the Best Small Metro Areas for Business and Careers. Factors considered included cost of doing business, cost of living, job and income growth, migration trends, educational attainment, and quality of life issues such as crime rates and cultural opportunities.

ATTENDANCE, GRADUATION, AND EXTRA-CURRICULAR ACTIVITIES

The Board of Education of the City of Fargo has a 94.6% average daily attendance rate and more than 69.0% of student's grades 6-12 participate in extra-curricular activities. 67% of our teachers hold a master's degree or higher and approximately 11% of the District's students in grades 1-8 are enrolled in gifted and talented instruction. Nearly 44% of our students in grades 9-12 studied a foreign language and the graduation rate is 84.0%.

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 25 and filed by the Auditor no later than October 10. 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.

DEBT ADMINISTRATION

The total outstanding bonded debt of the district on June 30, 2021, amounted to \$87,128,626. The bonds mature at various dates to the year 2041. 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 Setting D 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, 2021. 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.



Business Manager

BOARD OF EDUCATION OF THE CITY OF FARGO

School Board, Administration, and Audit Personnel
For the Year Ended June 30, 2021

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
Tracie Newman	Board Member
David Paulson	Board Member

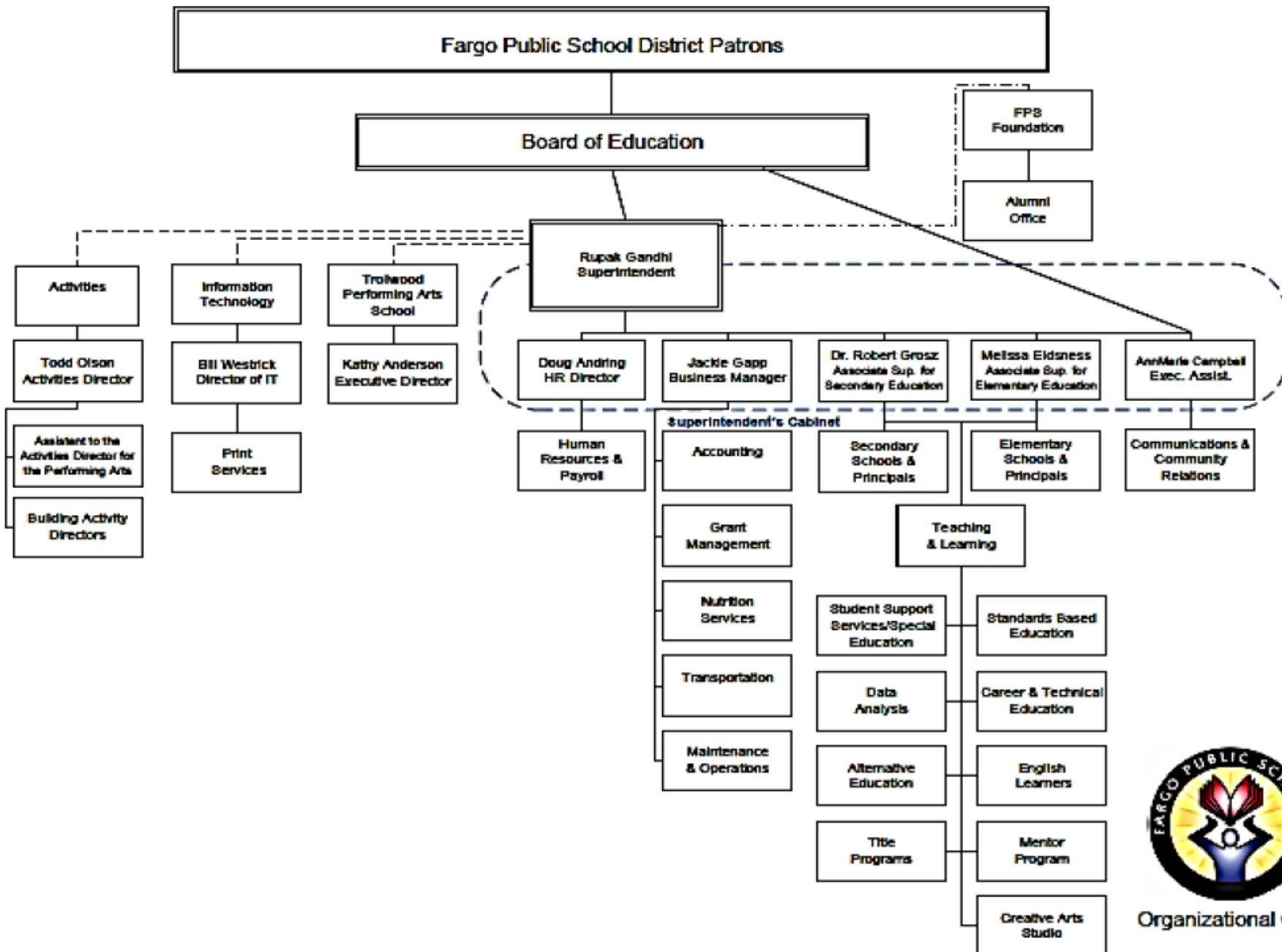
ADMINISTRATION

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

Heath Erickson CPA	Audit Manager
Peishan Merrick	In-Charge Auditor

BOARD OF EDUCATION OF THE CITY OF FARGO
Organizational Chart



Organizational Chart



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Board of Education of the City of Fargo

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2020.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



W. Edward Chabal

W. Edward Chabal
President

David J. Lewis

David J. Lewis
Executive Director

SECTION II
FINANCIAL SECTION



STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Board of Education of the City of Fargo
Fargo, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Fargo, North Dakota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Fargo, North Dakota, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Board of Education of the City of Fargo's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedule - general fund, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and the notes to the required supplementary information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Other information of the Board of Education of the City of Fargo consists of the *schedule of fund activity, comparative balance sheets – general fund, debt service fund, & capital projects fund, combining balance sheet - nonmajor special revenue funds, combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds, budgetary comparison schedules - nonmajor funds, debt service fund & capital projects fund, statement of changes in fiduciary assets and liabilities, the schedule of expenditures of federal awards and the notes to the schedule of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the City of Fargo's basic financial statements. The *other information* is presented for purposes of additional analysis and is not a required part of the financial statements.

The *other information* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *other information* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 on our consideration of the Board of Education of the City of Fargo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Education of the City of Fargo's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 14, 2022

BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis
For the Year Ended June 30, 2021

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, 2021. 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 \$12,384,593 (Net Position). Of this amount, (\$137,085,534) (unrestricted net position) being a negative number, it cannot be used to meet ongoing obligations.
- The Fargo Public School District's total net position decreased by \$6,320,534 as a result of the current year's operation.
- The Fargo Public School District's total revenues from all sources were \$206,374,496. Total expenses were \$212,695,030.
- At the close of the current fiscal year, The Fargo Public School District's governmental funds reported combined ending fund balances of \$51,620,242, an increase of \$4,364,374 in comparison with the prior year. Approximately 71.68% or \$36,421,877 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.

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.

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 \$43,157,229. 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>2021</u>	<u>2020</u>
Assets		
Current and Non-Current assets	\$ 70,627,430	\$ 65,131,116
Capital assets (net of depreciation)	<u>230,876,115</u>	<u>217,519,919</u>
Total Assets	<u>\$ 301,503,545</u>	<u>\$ 282,651,035</u>
Deferred Outflows of Resources		
Derived from Pension and OPEB	<u>\$ 74,837,343</u>	<u>\$ 32,340,986</u>
Liabilities		
Current Liabilities	\$ 16,214,594	\$ 14,052,797
Long Term Liabilities	<u>329,079,881</u>	<u>259,710,749</u>
Total Liabilities	<u>\$ 345,294,475</u>	<u>\$ 273,763,546</u>
Deferred Inflows of Resources		
Derived from Pension and OPEB	<u>\$ 18,661,820</u>	<u>\$ 22,524,192</u>
Net Position		
Net Investment in Capital Assets	\$ 138,687,072	\$ 131,073,353
Restricted	10,783,055	11,861,359
Unrestricted	<u>(137,085,534)</u>	<u>(124,230,429)</u>
Total Net Position	<u>\$ 12,384,593</u>	<u>\$ 18,704,283</u>

BOARD OF EDUCATION OF THE CITY OF FARGO
Management's Discussion and Analysis – Continued

Current assets increased mainly from the increased amount of intergovernmental receivables at the close of the fiscal year due to an increased allocation of federal COVID grant relief. Capital assets increased because of construction in progress on the Longfellow ECSE Renovation, security upgrades at three elementary schools, the construction on the Explorer Academy, and the purchase of the RDO building. The deferred outflows of resources increased with the change in change of assumptions on pension and OPEB investments. Current liabilities increased primarily as a result of increased accounts payable. Long-term liabilities due within one year increased from the new issuance of the 2020 Tax Bonds. Long-term liabilities due outside one year increased due an increase in debt payable from the issuance of the 2020 Tax Bonds and the increase in the net pension and OPEB liability. Deferred inflows of resources decreased as a result of the difference between expected and actual experience and changes of assumptions. Net investment in capital assets increased primarily from purchase of the RDO building. Restricted net position decreased also as a result of the reduction in contracts payable at the end of the year.

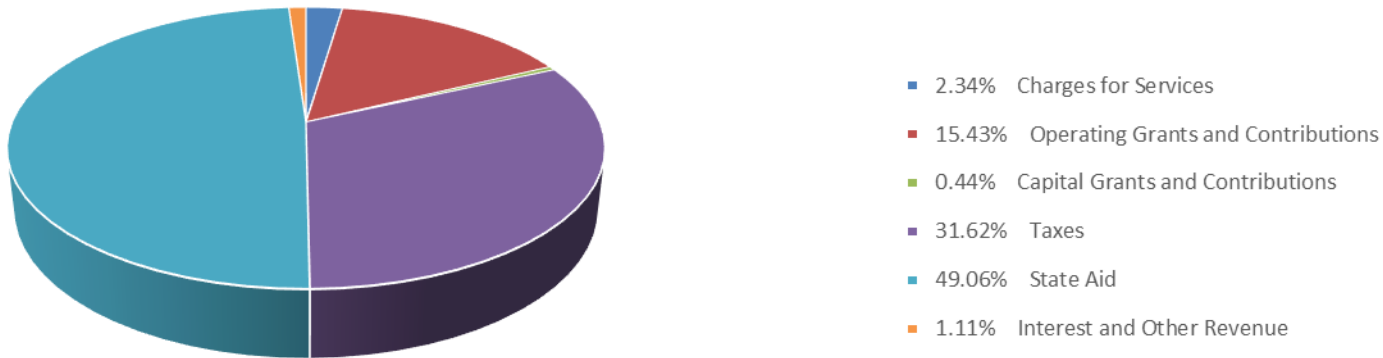
Governmental activities decreased the Fargo Public School District's net position by \$6,320,534. Key elements of this decrease are as follows:

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues		
Charges for Services	\$ 4,825,698	\$ 5,398,491
Operating Grants and Contributions	31,851,962	19,699,887
Capital Grants and Contributions	915,093	958,500
General Revenues		
Taxes	65,251,261	63,082,264
State Aid	101,237,015	99,467,809
Interest and Other Revenue	<u>2,293,467</u>	<u>2,092,352</u>
Total Revenues	<u>\$ 206,374,496</u>	<u>\$ 190,699,303</u>
Expenses		
Instruction	\$ 140,803,126	\$ 123,755,777
Support Services		
Pupil Services	5,914,521	5,791,352
Instructional Staff Services	5,743,601	5,474,206
General Administration Services	3,243,108	3,825,675
School Administration Services	12,810,030	11,532,962
Business Services	5,187,818	4,929,666
Operations and Maintenance	19,020,338	18,139,904
Pupil Transportation Services	2,991,426	2,476,412
Co-Curricular Services	6,633,570	5,827,392
Food Services	7,331,939	7,447,411
Community Services	780,709	96,642
Interest and Other Charges on Long-Term Debt	<u>2,234,844</u>	<u>2,815,047</u>
Total Expenses	<u>\$ 212,695,030</u>	<u>\$ 192,112,446</u>
Change in Net Position	<u>\$ (6,320,534)</u>	<u>\$ (1,413,143)</u>
Net Position – July 1	<u>\$ 18,704,283</u>	<u>\$ 20,117,426</u>
Prior Period Adjustment	<u>\$ 844</u>	<u>\$ -</u>
Net Position – June 30	<u>\$ 12,384,593</u>	<u>\$ 18,704,283</u>

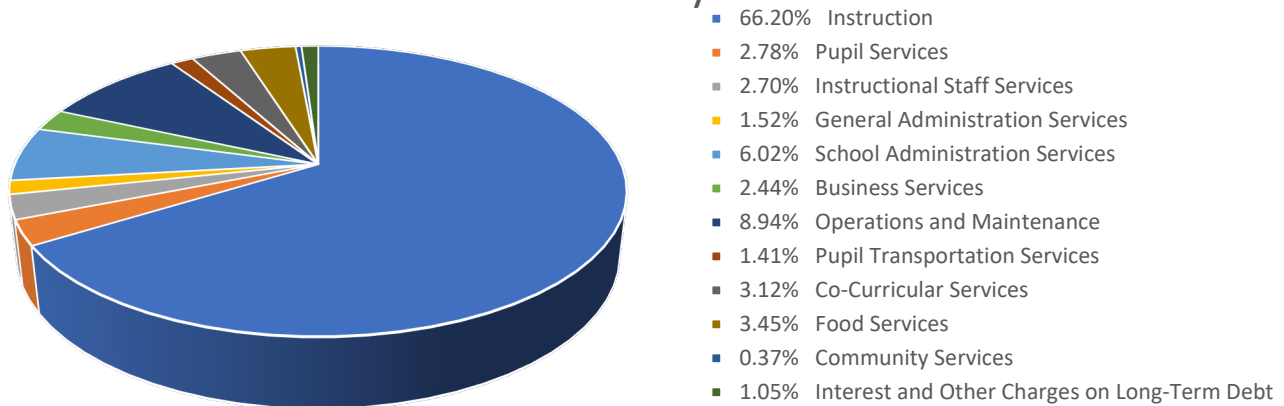
Total revenues increased mainly from an increase in property taxes as the result of higher assessed property values and an increase in operating grants. Expenses increased due to increases in salaries and benefits paid by the district.

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 the year 2021



Revenues of the Board of Education of the City of Fargo
 for the Fiscal year 2021



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 \$212,695,030 compared to \$192,112,446 for the year ended June 30, 2020.

- Some of the cost was paid for by the users of the district's programs. (\$4,825,698).
- The Federal and State governments subsidized certain programs with grants and contributions (\$32,767,055) for operating purposes.
- Most of the district's revenues (\$168,781,743) were funded by district taxpayers and the taxpayers of the State of North Dakota and is comprised of property taxes (\$65,251,261), state aid based on the statewide education aid formula (\$101,237,015), and with investment earnings and other general revenues (\$2,293,467).

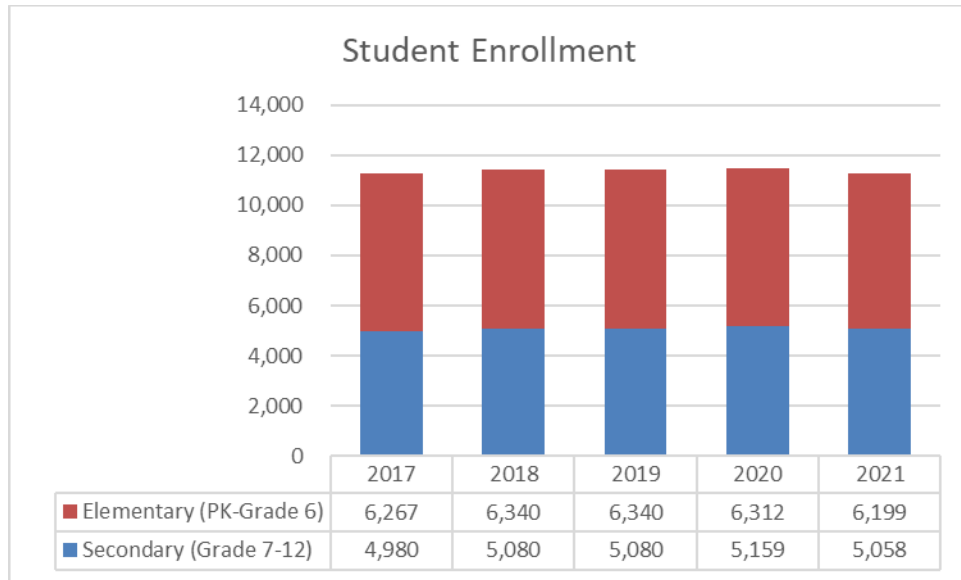
Net Cost of Governmental Activities

	2021		2020	
	Total Cost of Service	Net (Expense) Revenue	Total Cost of Service	Net (Expense) Revenue
Regular Instruction	\$ 96,292,559	\$ (78,886,294)	\$ 82,480,926	\$ (73,957,793)
Special Instruction	36,092,896	(30,742,216)	33,500,437	(27,504,091)
Vocational Education	7,276,690	(6,156,657)	6,686,938	(5,173,872)
Adult Education	1,140,981	(352,201)	1,087,476	(843,476)
Pupil Services	5,914,521	(5,398,695)	5,791,352	(5,578,015)
Instructional Staff Services	5,743,601	(5,743,601)	5,474,206	(5,474,206)
General Administration Services	3,243,108	(3,243,108)	3,825,675	(3,825,675)
School Administration Services	12,810,030	(12,810,030)	11,532,962	(11,532,962)
Business Services	5,187,818	(5,027,543)	4,929,666	(4,769,588)
Operations and Maintenance	19,020,338	(18,996,008)	18,139,904	(17,927,808)
Pupil Transportation Services	2,991,426	(2,195,247)	2,476,412	(1,363,990)
Co-Curricular	6,633,570	(3,859,215)	5,827,392	(4,123,058)
Food Service Outlays	7,331,939	236,305	7,447,411	(1,069,345)
Community services	780,709	307,077	96,642	(96,642)
Interest and Fees on Long-Term Debt	2,234,844	(2,234,844)	2,815,047	(2,815,047)
Total	\$ 212,695,030	\$ (175,102,277)	\$ 192,112,446	\$ (166,055,568)

The "Net Cost of Services" 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.

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 11,247 to 11,257. The fiscal year 2021 saw a 214-student decrease in enrollment. The district saw a reduced expected growth of enrollment for kindergarten students due to impacts from COVID. 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 2021	Fiscal Year 2020	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 59,840,738	\$ 55,665,836	\$ 4,174,902	7.50%
State Sources	105,424,508	103,628,183	1,796,325	1.73%
Federal Sources	19,809,551	11,744,065	8,065,486	68.68%
Other Sources	43,393	2,800	40,593	1449.75%
Total Revenue	\$ 185,118,190	\$ 171,040,884	\$ 14,077,306	8.23%

During the fiscal year 2021, the total General Fund revenue increased by \$14,077,306, or 8.23% 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.

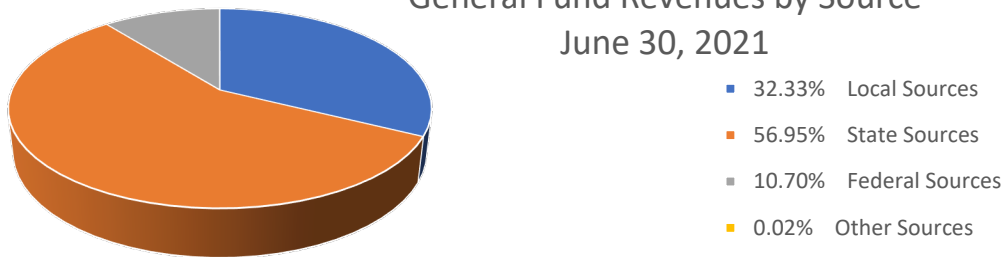
The following schedule presents a summary of General Fund expenditures.

	Fiscal Year 2021	Fiscal Year 2020	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Instruction	\$ 125,756,931	\$ 115,075,848	\$ 10,681,083	9.28%
Support Services	50,382,270	47,261,064	3,121,206	6.60%
Total Expenditures	\$ 176,139,201	\$ 162,336,912	13,802,289	8.50%

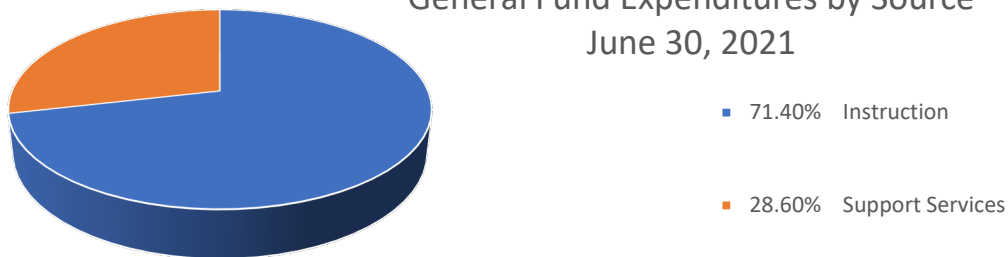
Total General Fund expenditures increased \$13,802,289 or 8.50% from the previous year. In the fiscal year 2021, Instruction costs increased because of negotiated salary increases, along with increases in the required contributions to both TFFR (Teachers fund for Retirement) and the PERS (Public Employees Retirement System).

In the fiscal year 2021, General Fund revenues and other financing sources (uses) exceeded expenditures by \$5,222,804, resulting in a total fund balance of \$37,003,651, compared to a fund balance in 2020 of \$31,780,847.

General Fund Revenues by Source
 June 30, 2021



General Fund Expenditures by Source
 June 30, 2021



General Fund Budgetary Highlights

During the year there was a \$7,096,676 increase in appropriations between the original and final revenue budget and an increase of \$7,083,146 between the original and final expenditure budget. The actual revenue amount was less than the final budget by \$315,211. 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 \$4,763,637. The difference in expenditures from the final budget compared to actual was mainly from lower than expected instructional costs.

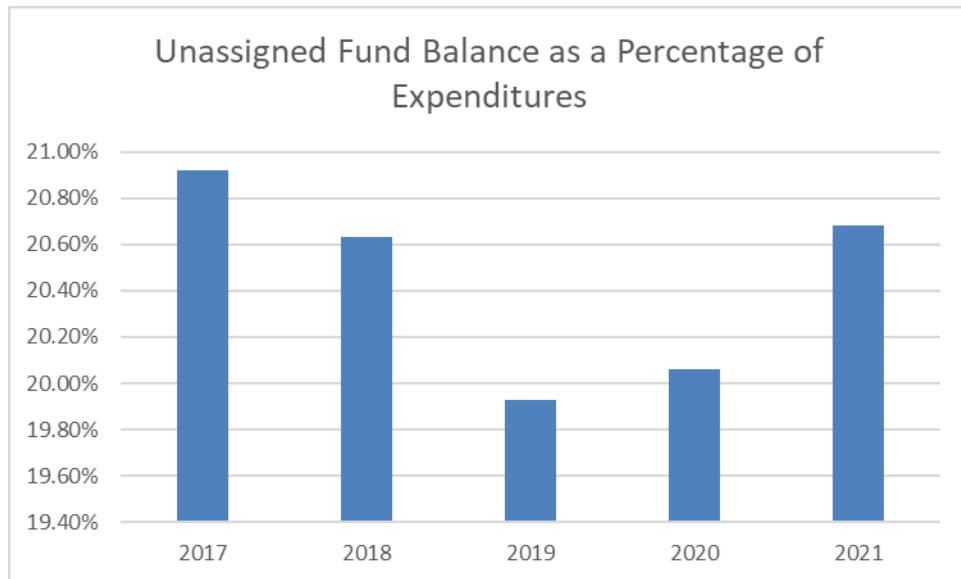
REVENUES				
	Original Budget	Amended Budget	Actual	Variance with Final Budget
General Fund	\$ 178,336,725	\$ 185,433,401	\$ 185,118,190	\$ (315,211)

EXPENDITURES				
	Original Budget	Amended Budget	Actual	Variance with Final Budget
General Fund	\$ 173,819,692	\$ 180,902,838	\$ 176,139,201	\$ (4,763,637)

**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
2012	\$ 35,118,708	\$ -	\$ 131,096,376	\$ 132,684,435	\$ (6,817,884)	\$ 26,712,765
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

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 \$36,421,877 on June 30, 2021, represents 20.68% 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 – Continued

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

	Year Ended June 30, 2021	Year Ended June 30, 2020	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ -	\$ 9	\$ (9)	-100%

Total Debt Service Fund revenues decreased \$(9) or (100.00%) from the previous year. The reason for the decrease during the fiscal year 2021 was lower interest earned on bond funds.

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

	Year Ended June 30, 2021	Year Ended June 30, 2020	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Principal	\$ 5,761,392	\$ 8,238,556	\$ (2,477,164)	-30.07%
Interest	2,623,595	3,016,899	(393,304)	-13.04%
Payment to the Refunded Bond Escrow Agent	-	25,270,000	(25,270,000)	-100.00%
Total Expenditures	\$ 8,384,987	\$ 36,525,455	\$ (28,140,468)	-77.04%

Total Debt Service Fund expenditures decreased \$28,140,468 or 77.04% from the previous year. In the fiscal year 2021, debt service expenditures decreased due to normal debt retirement and in comparison to the payoff of the 2014 Limited Tax bond from the prior 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, 2021	Year Ended June 30, 2020	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources and Other Financing Sources	\$ 29,842,103	\$ 35,676,318	\$ (5,834,215)	-16.35%

Total Capital Projects Fund revenues (and Other Financing Sources/ Uses) decreased \$5,834,215 or 16.35% from the previous year. The primary reason for the decrease in comparison to fiscal year 2020 was the sale of the \$18,475,000 2019 Limited Tax Refunding Bond in comparison to fiscal year 2021 with the sale of the \$11,205,000 Limited Tax Bond.

The following schedule presents a summary of Capital Projects Fund expenditures and (other financing uses).

	Year Ended June 30, 2021	Year Ended June 30, 2020	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operations and Maintenance	\$ 549,850	\$ 1,003,000	\$ (453,150)	-45.18%
Capital Outlay	16,765,000	6,310,644	10,454,356	165.66%
Principal	19,485	95,010	(75,525)	-79.49%
Interest	28,068	28,878	(810)	-2.80%
Bond Costs	185,623	207,619	(21,996)	-10.59%
Other Financing Uses	13,871,491	38,487,825	(24,616,334)	-63.96%
Total Expenditures	\$ 31,419,517	\$ 46,132,976	\$ (14,713,459)	-31.89%

Total Capital Projects Fund expenditures decreased \$14,713,459 or 31.89% from the previous year. In the fiscal year 2021, capital outlay expenditures decreased in comparison because of the earnest money that was transferred for the purchase of a new district office building and the transfer of funds for the payoff of the 2014 Limited Tax bond in 2020.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the Fargo Public School District had \$230,876,115 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>2021</u>	<u>2020</u>
Land	\$ 15,268,098	\$ 15,268,098
Buildings and Improvements	185,816,628	179,125,088
Equipment and Vehicles	4,151,542	4,267,472
Construction in Progress	<u>25,639,847</u>	<u>18,859,261</u>
Total Capital Assets, Net	<u><u>230,876,115</u></u>	<u><u>217,519,919</u></u>

Construction in Progress increased with the ongoing construction at Discovery Middle School, RDO building Renovations, Davies Field Turf, and the construction on the Explorer Academy. Buildings and Improvements increased due to the purchase of the RDO building and completion of the Longfellow ECSE renovation and security entrances at three elementary schools. More detailed information about capital assets can be found in Note 6 to the financial statements.

Long-Term Liabilities

At the end of the current fiscal year, the district had \$329,079,881 in long-term liabilities. Of this amount, \$87,755,859 is long-term debt, \$6,374,420 of which is the current liability due within one year and consists of bonds payable and special assessments payable. The Fargo Public School District increased its existing debt obligations by \$5,424,122. The key factor for this increase is the issuance of the 2020 Limited Tax bond. More detailed information about the district's long-term liabilities is presented in Note 6 to the financial statements

	<u>2021</u>	<u>2020</u>
Long-Term Debt		
General Obligation Bonds Payable	\$ 86,283,625	\$ 80,570,018
Special Assessments Payable	627,234	646,719
Building Authority Revenue Bonds Payable	<u>845,000</u>	<u>1,115,000</u>
Total Long-Term Debt	<u><u>\$ 87,755,859</u></u>	<u><u>\$ 82,331,737</u></u>
Long-Term Payroll Liabilities		
Compensated Absences Payable	\$ 569,203	\$ 637,465
Sick Leave Longevity Payable	72,473	153,615
PTO Payable	466,700	455,888
Paid Leave System Payable	<u>3,797,360</u>	<u>3,725,402</u>
Total Long-Term Payroll Liabilities	<u><u>\$ 4,905,736</u></u>	<u><u>\$ 4,972,370</u></u>
Net Pension	<u><u>\$ 236,418,286</u></u>	<u><u>\$ 172,406,642</u></u>
Total Long-Term Liabilities	<u><u><u>\$ 329,079,881</u></u></u>	<u><u><u>\$ 259,710,749</u></u></u>

Economic Factors and Next Year's Budget

Fargo Public Schools considered many factors when setting the fiscal year 2021-2022 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. The district reopened schools in the fall of 2021 with full in-person learning. Demographic analysis of the district's student population displays growth of approximately 200 students for the upcoming year, which is partially comprised of student returning to in-person learning from virtual attendance. 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
Joy Retterath, CPA
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

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	Governmental Activities	
	2021	2020
ASSETS		
Current Assets:		
Cash and Investments	\$ 54,046,453	\$ 51,738,839
Cash with Fiscal Agent	-	3
Accounts Receivable	101,132	137,101
Taxes Receivable	2,792,094	3,802,616
Intergovernmental Receivable	11,092,229	6,785,390
Due from County Treasurer	112,875	216,999
Inventories	977,647	721,085
Contracts Receivable	1,505,000	1,415,000
Interest Receivable	-	314,083
Total Current Assets	\$ 70,627,430	\$ 65,131,116
Non-Current Asset:		
Capital Assets (Not Being Depreciated)		
Land	\$ 15,268,099	\$ 15,268,098
Construction in Progress	25,639,847	18,859,261
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	185,816,628	179,125,088
Equipment and Vehicles	4,151,541	4,267,472
Capital Assets (Net)	\$ 230,876,115	\$ 217,519,919
Total Assets	\$ 301,503,545	\$ 282,651,035
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 74,837,343	\$ 32,340,986
Total Assets and Deferred Outflows of Resources	\$ 376,340,888	\$ 314,992,021
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 3,449,920	\$ 792,936
Salaries and Benefits Payable	2,950,083	4,315,801
Due to Other Agencies	131,114	159,391
Contracts Payable	787,740	465,312
IBNR Claims	2,230,000	2,090,000
Interest Payable	1,084,457	999,271
Bond Premium (Net)	5,060,417	4,761,548
Unearned Revenue - Food Service Commodities	225,129	133,811
Unearned Revenue - Food Service Lunch Credits	295,734	334,727
Total Current Liabilities	\$ 16,214,594	\$ 14,052,797
Long-Term Liabilities		
Due Within One Year		
Long-Term Debt	\$ 6,374,420	\$ 5,780,701
Long-Term Payroll Liabilities	2,388,408	2,472,231
Due After One Year		
Long-Term Debt	81,381,439	76,551,036
Long-Term Payroll Liabilities	2,517,328	2,500,139
Net Pension and OPEB Liability	236,418,286	172,406,642
Total Long-Term Liabilities	\$ 329,079,881	\$ 259,710,749
Total Liabilities	\$ 345,294,475	\$ 273,763,546
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 18,661,820	\$ 22,524,192
Total Liabilities and Deferred Inflows of Resources	\$ 363,956,295	\$ 296,287,738
NET POSITION		
Net Investment in Capital Assets	\$ 138,687,072	131,073,353
Restricted		
Capital Projects	10,783,055	11,861,356
Debt Service	-	3
Unrestricted	(137,085,534)	(124,230,429)
Total Net Position	\$ 12,384,593	\$ 18,704,283

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, 2021 (Summarized Comparative Totals 2020)

Functions/Programs	2021				2020	
	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	\$ 96,292,559	\$ 660,560	\$ 16,745,705	\$ -	\$ (78,886,294)	\$ (73,957,793)
Special Instruction	36,092,896	338,688	5,011,992	-	(30,742,216)	(27,504,091)
Vocational Education	7,276,690	169,381	950,652	-	(6,156,657)	(5,173,872)
Adult Education	1,140,981	92,561	696,219	-	(352,201)	(843,476)
Support Services						
Pupil Services	5,914,521	515,826	-	-	(5,398,695)	(5,578,015)
Instructional Staff Services	5,743,601	-	-	-	(5,743,601)	(5,474,206)
General Administration Services	3,243,108	-	-	-	(3,243,108)	(3,825,675)
School Administration Services	12,810,030	-	-	-	(12,810,030)	(11,532,962)
Business Services	5,187,818	160,275	-	-	(5,027,543)	(4,769,588)
Operations and Maintenance	19,020,338	19,705	4,625	-	(18,996,008)	(17,927,808)
Pupil Transportation Services	2,991,426	-	796,179	-	(2,195,247)	(1,363,990)
Co-Curricular	6,633,570	1,432,120	427,142	915,093	(3,859,215)	(4,123,058)
Food Services Outlay	7,331,939	348,796	7,219,448	-	236,305	(1,069,345)
Community Services	780,709	1,087,786	-	-	307,077	(96,642)
Interest and Fees on Long-Term Debt	2,234,844	-	-	-	(2,234,844)	(2,815,047)
Total Governmental Activities	\$ 212,695,030	\$ 4,825,698	\$ 31,851,962	\$ 915,093	\$ (175,102,277)	\$ (166,055,568)
General Revenues						
Taxes						
					\$ 51,966,845	\$ 49,974,667
					11,517,401	11,067,970
					1,767,015	2,039,627
State Aid not Restricted to Specific Program						
					101,237,015	99,467,809
					2,293,467	2,092,352
					<u>\$ 168,781,743</u>	<u>\$ 164,642,425</u>
					<u>\$ (6,320,534)</u>	<u>\$ (1,413,143)</u>
					<u>\$ 18,704,283</u>	<u>\$ 20,117,426</u>
					<u>\$ 844</u>	<u>\$ -</u>
					<u>\$ 18,705,127</u>	<u>\$ 20,117,426</u>
					<u>\$ 12,384,593</u>	<u>\$ 18,704,283</u>

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

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	Major Funds				Total Governmental Funds	
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	2021	2020
ASSETS						
Cash and Investments	\$ 30,630,166	\$ -	\$ 12,084,117	\$ 4,457,779	\$ 47,172,062	\$ 45,279,101
Cash with Fiscal Agent	-	-	-	-	-	3
Interest Receivable	-	-	-	-	-	314,083
Accounts Receivable	88,612	-	-	10,174	98,786	137,101
Taxes Receivable	2,292,981	-	499,113	-	2,792,094	3,802,616
Intergovernmental Receivable	10,918,076	-	-	174,153	11,092,229	6,785,390
Due from County Treasurer	92,711	-	20,164	-	112,875	216,999
Contracts Receivable	845,000	-	-	660,000	1,505,000	1,415,000
Inventories	581,774	-	-	395,873	977,647	721,085
Total Assets	\$ 45,449,320	\$ -	\$ 12,603,394	\$ 5,697,979	\$ 63,750,693	\$ 58,671,378
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 2,249,606	\$ -	\$ 1,079,176	\$ 121,138	\$ 3,449,920	\$ 792,936
Salaries and Benefits Payable	2,926,968	-	-	16,752	2,943,720	4,310,861
Contracts Payable	-	-	741,163	46,577	787,740	465,312
Due to Other Agencies	131,114	-	-	-	131,114	159,391
Unearned Revenue - Food Service Commodity Inventory	-	-	-	225,129	225,129	133,811
Unearned Revenue - Food Service Lunch Credits	-	-	-	295,734	295,734	334,727
Total Liabilities	\$ 5,307,688	\$ -	\$ 1,820,339	\$ 705,330	\$ 7,833,357	\$ 6,197,038
Deferred Inflows of Resources						
Uncollected Taxes Receivable	\$ 2,292,981	\$ -	\$ 499,113	\$ -	\$ 2,792,094	\$ 3,802,616
Uncollected Contracts Receivable	845,000	-	-	660,000	1,505,000	1,415,000
Total Deferred Inflows of Resources	\$ 3,137,981	\$ -	\$ 499,113	\$ 660,000	\$ 4,297,094	\$ 5,217,616
Total Liabilities and Deferred Inflows of Resources	\$ 8,445,669	\$ -	\$ 2,319,452	\$ 1,365,330	\$ 12,130,451	\$ 11,414,654
Fund Balances						
Non-Spendable						
Inventories	\$ 581,774	\$ -	\$ -	\$ 170,744	\$ 752,518	\$ 587,275
Restricted						
Debt Service	-	-	-	-	-	3
Capital Projects	-	-	10,283,942	-	10,283,942	11,861,356
Committed						
Special Revenue	-	-	-	4,161,905	4,161,905	2,249,320
Unassigned						
General	36,421,877	-	-	-	36,421,877	32,558,770
Total Fund Balances	\$ 37,003,651	\$ -	\$ 10,283,942	\$ 4,332,649	\$ 51,620,242	\$ 47,256,724
Total Liabilities and Fund Balances	\$ 45,449,320	\$ -	\$ 12,603,394	\$ 5,697,979	\$ 63,750,693	\$ 58,671,378

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, 2021

Total Fund Balances - Governmental Funds \$ 51,620,242

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	\$ 324,982,953	
Less Accumulated Depreciation	<u>(94,106,838)</u>	230,876,115

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	\$ 2,792,094	
Contracts Receivable	<u>1,505,000</u>	4,297,094

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	\$ 74,837,343	
Deferred Inflows Related to Pensions and OPEB	<u>(18,661,820)</u>	56,175,523

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

Long Term Debt	\$ (87,755,859)	
Interest Payable	(1,084,457)	
Long-Term Debt Liabilities	(4,905,736)	
Bond Premium	(5,060,417)	
Net Pension and OPEB Liability	<u>(236,418,286)</u>	(335,224,755)

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 assets. Internal Service Fund net position is:

4,640,374

Total Net Position - Governmental Activities \$ 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 Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	Major Funds				Total Governmental Funds	
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	2021	2020
REVENUES						
Local Sources	\$ 59,840,738	\$ -	\$ 11,853,887	\$ 3,095,801	\$ 74,790,426	\$ 71,676,683
State Sources	105,424,508	-	-	50,193	105,474,701	103,682,372
Federal Sources	19,809,551	-	-	7,149,083	26,958,634	15,272,459
Other Sources	43,393	-	-	-	43,393	2,800
Total Revenues	\$ 185,118,190	\$ -	\$ 11,853,887	\$ 10,295,077	\$ 207,267,154	\$ 190,634,314
EXPENDITURES						
Current						
Instruction						
Regular	\$ 85,998,712	\$ -	\$ -	\$ -	\$ 85,998,712	\$ 76,724,605
Special Instruction	32,239,016	-	-	-	32,239,016	31,233,539
Vocational Education	6,499,733	-	-	-	6,499,733	6,112,140
Adult Education	1,019,470	-	-	-	1,019,470	1,005,564
Support Services						
Pupil Services	5,283,342	-	-	-	5,283,342	5,377,440
Instructional Staff Services	5,130,713	-	-	-	5,130,713	5,091,269
General Administration Services	2,897,225	-	-	-	2,897,225	2,780,230
School Administration Services	11,390,159	-	-	-	11,390,159	10,918,187
Business Services	4,792,419	-	-	-	4,792,419	4,540,771
Operations and Maintenance	17,257,790	-	549,850	-	17,807,640	16,900,575
Pupil Transportation Services	2,671,883	-	-	-	2,671,883	2,310,011
Co-Curricular	261,580	-	-	6,524,900	6,786,480	6,826,262
Food Services Outlay	-	-	-	6,525,028	6,525,028	6,867,497
Community Services	697,159	-	-	-	697,159	90,156
Capital Outlay	-	-	16,765,000	-	16,765,000	6,310,644
Debt Service						
Principal	-	5,761,392	19,485	-	5,780,877	8,333,566
Interest	-	2,623,595	28,068	-	2,651,663	3,045,777
Bond Costs	-	-	185,623	-	185,623	207,619
Total Expenditures	\$ 176,139,201	\$ 8,384,987	\$ 17,548,026	\$ 13,049,928	\$ 215,122,142	\$ 194,675,852
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,978,989	\$ (8,384,987)	\$ (5,694,139)	\$ (2,754,851)	\$ (7,854,988)	\$ (4,041,538)
OTHER FINANCING SOURCES (USES)						
Transfers In	\$ 350,000	\$ 8,384,984	\$ 5,796,719	\$ 3,823,838	\$ 18,355,541	\$ 46,763,273
Transfers Out	(4,134,050)	-	(13,871,491)	(350,000)	(18,355,541)	(46,763,273)
Debt Issuance	-	-	11,205,000	-	11,205,000	18,475,000
Payment to the Refunded Bond Escrow Agent	-	-	-	-	-	(25,270,000)
Refund of Prior Year's Expenses	-	-	-	-	-	10,297
Premium on the Sale of Bonds	-	-	986,497	-	986,497	743,036
Sale of Assets	27,865	-	-	-	27,865	3,287
Total Other Financing Sources and Uses	\$ (3,756,185)	\$ 8,384,984	\$ 4,116,725	\$ 3,473,838	\$ 12,219,362	\$ (6,038,380)
Net Change in Fund Balances	\$ 5,222,804	\$ (3)	\$ (1,577,414)	\$ 718,987	\$ 4,364,374	\$ (10,079,918)
Fund Balances - July 1	\$ 32,974,678	\$ 3	\$ 11,861,356	\$ 2,420,687	\$ 47,256,724	\$ 61,538,767
Prior Period Adjustment	\$ (1,193,831)	\$ -	\$ -	\$ 1,192,975	\$ (856)	\$ -
Fund Balances- July 1, as restated	\$ 31,780,847	\$ 3	\$ 11,861,356	\$ 3,613,662	\$ 47,255,868	\$ 57,336,642
Fund Balances - June 30	\$ 37,003,651	\$ -	\$ 10,283,942	\$ 4,332,649	\$ 51,620,242	\$ 47,256,724

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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 4,364,374

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	\$ 19,479,308	
Depreciation Expense	<u>(6,091,746)</u>	13,387,562

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.

(33,066)

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	\$ (11,205,000)	
Premium on Sale of Bonds	(986,497.00)	
Repayment of Long-Term Debt	<u>5,780,877.00</u>	(6,410,620)

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.

687,628

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	\$ 66,634	
Net Change in Interest Payable	<u>(85,186)</u>	(18,552)

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	\$ (64,011,643)	
Net Change in Deferred Outflows of Resources	42,496,357	
Net Change in Deferred Inflows of Resources	<u>3,862,372</u>	(17,652,914)

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 contracts receivable.

Net Change in Taxes Receivable	\$ (1,010,522)	
Net Change in Contracts Receivable	<u>90,000</u>	(920,522)

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.

275,576

Change in Net Position of Governmental Activities \$ (6,320,534)

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, 2021 (Summarized Comparative Totals 2020)

	Internal Service Fund	
	2021	2020
ASSETS		
Current Assets		
Cash and Investments	\$ 6,874,391	\$ 6,459,738
Accounts Receivable	2,346	-
Total Current Assets	<u>\$ 6,876,737</u>	<u>\$ 6,459,738</u>
LIABILITIES		
Current Liabilities		
Salaries Payable	\$ 6,363	\$ 4,940
IBNR Claims	2,230,000	2,090,000
Total Current Liabilities	<u>\$ 2,236,363</u>	<u>\$ 2,094,940</u>
NET POSITION		
Restricted For:		
Patient Centered Outcomes Research Inst. (PCORI)	6,858	6,768
Unrestricted	<u>\$ 4,633,516</u>	<u>\$ 4,358,030</u>
Total Net Position	<u>\$ 4,640,374</u>	<u>\$ 4,364,798</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, 2021 (Summarized Comparative Totals 2020)

	Internal Service Fund	
	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Contributions to Self-Insurance	\$ 21,058,151	\$ 20,475,409
OPERATING EXPENSES		
Health Insurance Claims	\$ 20,782,575	\$ 21,826,647
Operating Income (Loss)	\$ 275,576	\$ (1,351,238)
Net Position - July 1	\$ 4,364,798	\$ 5,716,036
Net Position - June 30	<u>\$ 4,640,374</u>	<u>\$ 4,364,798</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, 2021 (Summarized Comparative Totals 2020)

	Internal Service Fund	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from User Charges	\$ 21,055,805	\$ 20,475,555
Payments for Health Insurance Claims	(20,641,152)	(21,808,081)
Net Cash Provided (Used) by Operating Activities	<u>\$ 414,653</u>	<u>\$ (1,332,526)</u>
Cash and Investments - July 1	<u>\$ 6,459,738</u>	<u>\$ 7,792,264</u>
Cash and Investments - June 30	<u>\$ 6,874,391</u>	<u>\$ 6,459,738</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 275,576	\$ (1,351,238)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities		
Net Change in Accounts Receivable	(2,346)	146
Net Change in Accounts Payable	1,423	2,323
Net Change in IBNR Claims Payable	<u>140,000</u>	<u>16,243</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 414,653</u>	<u>\$ (1,332,526)</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, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and Investments	<u>\$ 30,468</u>
NET POSITION	
Restricted	
Funds Held for Other Entities	<u>\$ 30,468</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, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Miscellaneous Collections	<u>\$ 1,200</u>
DEDUCTIONS	
Miscellaneous Disbursements	<u>\$ 2,054</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ (854)</u>
Net Position - Beginning	<u>\$ -</u>
Prior Period Adjustment	<u>\$ 31,322</u>
Net Position - Beginning, Restated	<u>\$ 31,322</u>
Net Position - Ending	<u><u>\$ 30,468</u></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, 2021

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, 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.

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 Funds. 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 fiduciary funds are agency funds. 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 sixty 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 25. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year, but the certification must be filed with the county auditor by October 10. 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

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 foodservice 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 foodservice commodity inventory is established by the USDA and provided to the district. Commodity inventory of \$225,129 was reported as unearned revenue on June 30, 2021.

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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or 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).

Compensated AbsencesVacation:

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 \$36,421,877 on June 30, 2021, represents 20.68% 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 Activity Fund.

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund.

Net Position:

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

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

Restrictions of net position, shown in the Statement of Net Position, are due to restricted tax levies and bond indenture requirements for our capital projects and debt service.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

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 inter-fund transfers are reported as transfers.

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

NOTE 2: PRIOR PERIOD ADJUSTMENTS

Change in Prior Year Audited Statement Amounts

Net position/fund balance as of July 1, 2020 has been restated due to a fund reclassification and Capital Asset adjustment. The adjustments to beginning net position/fund balance are below:

	General Fund	Other Governmental Funds	Government Wide	Fiduciary Fund
Beginning net position, as previously reported	\$ 32,974,678	\$ 2,420,687	\$ 18,704,283	\$ -
Adjustments to restate the July 1, 2020 net position				
Fund Balance Classification Change	(1,193,831)	1,192,975	(856)	31,322
Capital Assets, Net	-	-	1,700	-
Net Position July 1, as restated	\$ 31,780,847	\$ 3,613,662	\$ 18,705,127	\$ 31,322

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, 2021, the Fargo Public School District’s carrying amount of all deposits, (less \$1,798 in petty cash held at the schools), was \$54,075,123 and the bank balances were \$60,950,761. Of the bank balances, \$53,140,482 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

NOTE 4: TAXES RECEIVABLE

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on the property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes due. The first installment is due March 1 and the second installment is due by October 15. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15. 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, 2021, no prepaid expenses had been paid.

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021.

	Restated 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	18,860,961	11,531,124	475	(4,751,763)	25,639,847
Total Capital Assets, Not Being Depreciated	\$ 34,129,059	\$ 11,531,124	\$ 475	\$ (4,751,763)	\$ 40,907,945
<i>Capital assets being depreciated</i>					
Buildings and Improvements	\$ 260,162,716	\$ 7,301,570	\$ -	\$ 4,751,763	\$ 272,216,049
Vehicles and Equipment	11,984,983	647,089	773,113	-	11,858,959
Total Capital Assets, Being Depreciated	\$ 272,147,699	\$ 7,948,659	\$ 773,113	\$ 4,751,763	\$ 284,075,008
<i>Less Accumulated Depreciation for</i>					
Buildings and Improvements	\$ 81,037,628	\$ 5,361,793	\$ -	\$ -	\$ 86,399,421
Vehicles and Equipment	7,717,511	729,951	740,045	-	7,707,417
Total Accumulated Depreciation	\$ 88,755,139	\$ 6,091,744	\$ 740,045	\$ -	\$ 94,106,838
Total Capital Assets Being Depreciated, Net	\$ 183,392,560	\$ 1,856,915	\$ 33,068	\$ 4,751,763	\$ 189,968,170
Capital Assets, Net	\$ 217,521,619	\$ 13,388,039	\$ 33,543	\$ -	\$ 230,876,115

Depreciation was charged to functions of the school district as follows:

Depreciation by Function	Total
Regular	\$ 2,520,166
Special Instruction	912,582
Vocational Education	183,675
Adult Education	28,809
Pupil Services	149,301
Instructional Staff Services	144,988
General Administration Services	81,872
School Administration Services	380,696
Business Services	198,117
Operations and Maintenance	746,197
Pupil Transportation Services	75,504
Co-Curricular	331,823
Food Services Outlay	318,315
Community Services	19,699
Total Depreciation by Function	\$ 6,091,744

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

NOTE 7: BOND PREMIUM

The following is a summary of changes in bond premiums for the year ended June 30, 2021.

	Balance July 1	Addition	Bond Premium Amortization	Balance Jun 30
2012 24.615M Limited Tax Bond	\$ 202,487	\$ -	\$ 67,495	\$ 134,992
2015 9.835M Limited Tax Refunding Bond	96,603	-	12,880	83,723
2015B 9.750M Limited Tax Refunding Bond	89,432	-	13,759	75,673
2016A 9.160M Limited Tax Refunding Bond	275,670	-	16,708	258,962
2016B 14.310M Limited Tax Refunding Bond	1,408,265	-	312,948	1,095,317
2017 8.795M Limited Tax Refunding Bond	384,195	-	96,049	288,146
2018 14.00M Limited Tax Bond	1,590,439	-	85,970	1,504,469
2019 18.475M Limited Tax Refunding Bond	714,457	-	57,157	657,300
2020 11.205 Limited Tax Bond	-	986,497	24,662	961,835
Total Bond Premium	\$ 4,761,548	\$ 986,497	\$ 687,628	\$ 5,060,417

NOTE 8: OPERATING LEASES RECEIVABLE

The school district, as lessor, has leased a gymnastics facility at South High School, to American Gold Gymnastics and pool usage to YMCA. The school district also leases office space in the District Administration Building to the Fargo Public Schools Federal Credit Union. SEEC (Southeast Education Cooperation) leases space in Agassiz School for use as a training center for enhanced educational services for numerous schools in the southeastern North Dakota region and Head Start leases space at Madison Elementary for educational support for 3 and 4-year-olds who are Head Start eligible. The School District also leases property at four of our schools to the City of Fargo for use as a depository and pick-up for recycling containers. We lease to 702 Communications wireless internet services, to Mark Hiatt 76 acres of farmland and the Resurrection Church space at the Trollwood Performing Arts School for church services and special events. Leases receivable are as follows:

	2022	2023	2024	2025	2026	TOTAL
American Gold Gymnastics	\$ 26,486	\$ 27,242	\$ 28,020	\$ 28,821	\$ 29,644	\$ 140,214
YMCA	8,875	9,375	9,875	2,500	-	30,625
Fargo Public Schools Credit Union	10,500	875	-	-	-	11,375
SEEC (Southeast Education Cooperation)	27,600	28,800	30,000	31,200	-	117,600
SENDCAA Head Start	8,400	9,600	10,800	-	-	28,800
City of Fargo Recycling	5,100	-	-	-	-	5,100
702 Communications	6,000	6,000	1,000	-	-	13,000
Mark Hiatt – Farm Land	7,347	-	-	-	-	7,347
TOTAL	\$ 100,308	\$ 81,892	\$ 79,695	\$ 62,521	\$ 29,644	\$ 354,061

NOTE 9: OPERATING LEASES PAYABLE

To alleviate parking problems for our employees, the Fargo Public School leases twenty parking spaces next to our district office from The Fargo Housing Authority. Also, Riverwood Park is being leased from the Fargo Park District for playing fields. Total costs for all leases were \$18,828 for the year ended June 30, 2021. The future minimum lease payments are as follows:

Year Ending Jun 30	Fargo Park District	Fargo Housing Authority	Total
2022	\$ 323	\$ 7,800	\$ 8,123
2023	323	-	323
2024	323	-	323
2025	324	-	324
2026	324	-	324
2027-2028	108	-	108
TOTAL	\$ 1,725	\$ 2,000	\$ 9,525

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

NOTE 10: LONG-TERM LIABILITIES

During the year ended June 30, 2021, the following changes occurred in liabilities reported in long-term liabilities:

	Balance Jul 1	Increases	Decreases	Balance Jun 30	Due Within One Year
Long-Term Debt					
Limited Tax Bonds Payable	\$ 80,570,018	\$ 11,205,000	\$ 5,491,393	\$ 86,283,625	\$ 6,079,256
Special Assessments	646,719	-	19,485	627,234	20,164
Building Authority Revenue Bonds	1,115,000	-	270,000	845,000	275,000
Total Long-Term Debt	\$ 82,331,737	\$ 11,205,000	\$ 5,780,878	\$ 87,755,859	\$ 6,374,420
Long-Term Payroll Liabilities					
Compensated Absences *	\$ 637,465	\$ -	\$ 68,262	\$ 569,203	\$ 485,587
Sick Leave Longevity Payable *	153,615	-	81,142	72,473	54,660
PTO Payable *	455,888	10,812	-	466,700	139,349
Paid Leave System Payable *	3,725,402	71,958	-	3,797,360	1,708,812
Total Long-Term Payroll Liabilities	\$ 4,972,370	\$ 82,770	\$ 149,404	\$ 4,905,736	\$ 2,388,408
Net Pension and OPEB Liability *	\$ 172,406,642	\$ 64,011,644	\$ -	\$ 236,418,286	\$ -
Total Long-Term Liabilities	\$ 259,710,749	\$ 75,299,414	\$ 5,930,282	\$ 329,079,881	\$ 8,762,828

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

Debt service requirements on long-term debt at June 30, 2021 are as follows:

Year Ending Jun 30	Limited Tax Bonds Payable		Special Assessments		Building Authority Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 6,079,256	\$ 2,616,714	\$ 20,164	\$ 27,389	\$ 275,000	\$ 25,350
2023	4,417,148	2,427,596	21,057	26,496	280,000	17,100
2024	4,990,070	2,222,712	21,989	25,564	290,000	8,700
2025	6,783,020	1,983,837	22,963	24,590	-	-
2026	7,356,001	1,766,406	23,979	23,574	-	-
2027-2031	32,075,759	5,936,342	136,793	100,972	-	-
2032-2036	17,647,372	2,035,746	169,878	67,888	-	-
2037-2041	6,934,999	361,200	210,411	27,355	-	-
2032-2046	-	-	-	-	-	-
Total	\$ 86,283,625	\$ 19,350,553	\$ 627,234	\$ 323,828	\$ 845,000	\$ 51,150

NOTE 11: DEFERRED INFLOWS / OUTFLOWS OF RESOURCES

Deferred inflows of resources in the balance sheet represent uncollected taxes receivable and uncollected contracts 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 contracts 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.

NOTE 12: PENSION PLANS

General Information about the TFFR Pension Plan

North Dakota Teachers' Fund for Retirement TFFR

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

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

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

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered 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.

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

At June 30, 2021, the School District reported a liability of \$159,918,062 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020, 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. At June 30, 2020, the district's proportion was 10.448723%, an increase of .086715%.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

For the year ended June 30, 2021, the district recognized pension expense of \$16,041,815. At June 30, 2021, 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	\$ 32,977	\$ 6,001,386
Changes of Assumptions	7,197,719	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	9,871,971	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,074,232	2,130,173
District Contributions Subsequent to the Measurement Date	10,010,564	-
Total Deferred Outflows and Deferred Inflows	\$ 28,187,463	\$ 8,131,559

\$10,010,564, 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, 2022.

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

2022	\$ 2,108,349
2023	2,098,093
2024	2,866,417
2025	2,166,734
2026	173,751
2027	631,996

Actuarial Assumptions

The total pension liability in the July 1, 2020 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, 2020, funding actuarial valuation for TFFR.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

As a result of the March 19, 2020 actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

- 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 healthy 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; and
- The pre-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

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 July 1, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58%	6.9%
Global Fixed Income	23%	1.3%
Global Real Assets	18%	5.0%
Cash Equivalents	1%	0.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2020. 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, 2020, 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, 2020. 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, 2020.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District’s Proportionate Share of the Net Pension Liability	\$ 213,002,264	\$ 159,918,062	\$ 115,802,364

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.

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

At June 30, 2021, the School District reported a liability of \$26,172,746 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020, 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. At June 30, 2020, the School District's proportion was 2.372609 percent, a decrease of 0.008860 percent.

For the year ended June 30, 2021, the School District recognized pension expense of \$13,565,375. At June 30, 2021, 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	\$ 290,482	\$ 3,782,220
Changes of Assumptions	40,013,246	6,615,178
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,409,091	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,273,212	84,088
District Contributions Subsequent to the Measurement Date	1,961,946	-
Total Deferred Outflows and Deferred Inflows	\$ 45,947,977	\$ 10,481,486

\$1,961,946 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, 2022.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

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

2022	\$	10,076,629
2023		8,379,083
2024		7,028,698
2025		7,660,135

Actuarial Assumptions

The total pension liability in the July 1, 2019 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%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
Cash Equivalents	0%	0.00%

Discount Rate

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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 4.64 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 (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate.

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
School District’s Proportionate Share of the Net Pension Liability	\$ 96,843,413	\$ 74,642,787	\$ 56,477,267

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

At June 30, 2021, the School District reported a liability of \$102,412,965 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the School District recognized pension expense of \$29,607,190. At June 30, 2021, 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	\$ 323,459	\$ 9,783,606
Changes of Assumptions	47,210,965	6,615,178
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	12,281,062	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,347,444	2,214,261
District Contributions Subsequent to the Measurement Date	11,972,510	-
Total Deferred Outflows and Deferred Inflows	\$ 74,135,440	\$ 18,613,045

\$11,972,510 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, 2022.

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

2022	\$ 12,184,978
2023	10,477,176
2024	9,895,115
2025	9,826,869
2026	173,751
2027	631,996

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.

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 employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

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

At June 30, 2021, the School District reported a liability of \$25,171,541 for its proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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. At June 30, 2020, the School District's proportion was 2.208087 percent, a decrease of 0.011849 percent.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$286,704. At June 30, 2021, 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	\$ 41,246	\$ 44,532
Changes of Assumptions	249,047	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	63,875	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	75,882	4,243
Employer Contributions Subsequent to the Measurement Date	271,853	-
Total Deferred Outflows and Deferred Inflows	\$ 701,903	\$ 48,775

\$271,853 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, 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:

2022	\$ 79,170
2023	95,680
2024	92,650
2025	74,135
2026	35,385
Thereafter	4,255

Actuarial assumptions

The total OPEB liability in the July 1, 2020 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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
International Equities	21%	6.45%

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/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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, 2020, 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	\$ 2,436,071	\$ 1,857,437	\$ 1,368,126

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

- 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 \$50.00 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 \$200.00 per day upon retirement from the District.

For the year ended June 30, 2021, the school district had 39 employees who received this benefit at a cost to the school district of \$303,328.

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 \$1,571,615. Computerized business equipment \$4,167,944. Buildings are limited at \$449,134,843, personal property at \$37,976,526 and band equipment at \$3,053,238.

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

The school district has worker's compensation with the Workforce Safety and Insurance 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 \$2,090,000. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement. Changes in the claim reserve payable during the past two years are as follows:

	2021	2020
Unpaid Claims, July 1	\$ 2,090,000	\$ 2,073,757
Incurred Claims Including IBNR's	16,141,118	16,812,814
Less: Claims Paid	16,001,118	16,796,571
Unpaid Claims, June 30	<u>\$ 2,230,000</u>	<u>\$ 2,090,000</u>

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

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

NOTE 16: CONSTRUCTION COMMITMENTS

The school district had six construction projects remaining as of June 30, 2021. At year-end the district's commitments with contractors were as follows:

Project	Contract	Total Completed	Retainages Payable	Remaining Balance
Discovery Addition and Renovation	\$ 14,163,055	\$ 14,135,304	\$ 58,492	\$ 86,243
Lewis and Clark Explorer Academy	10,510,708	9,195,802	644,964	1,959,870
Davies Garages/Shed	62,277	50,277	-	12,000
RDO/District Office Building	1,090,000	483,762	34,962	641,200
Davies Field Turf	1,217,182	961,226	46,577	302,533
Agassiz Plumbing Project	257,183	71,690	2,745	188,238
Total	\$ 27,300,405	\$ 24,898,061	\$ 787,740	\$ 3,190,084

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 2021 are as follows:

Fund	Transfers In	Transfers Out
General	\$ 350,000	\$ 4,134,050
Debt Service	8,384,984	-
Capital Projects	5,796,719	13,871,491
Nonmajor	3,823,838	350,000
Total	18,355,541	18,355,541

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, 2021, the local governments within Cass County provided tax abatements to individuals and commercial entities in the form of property tax exemptions under the following criteria.

New and Expanding Business

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

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued

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 actually occupied by such institutions not leased or otherwise used with a view to profit may is exempt.

Single Family Residence

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

Childhood Service Exemption

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

Commercial and Residential

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

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

New and Expanding Business	\$	909,385
Charitable Organization		3,590,261
Single Family Residence		369,325
Childhood Service Exemption		92,271
Commercial and Residential		157,817
Total	\$	5,119,059

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, 2021 (Summarized Comparative Totals 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget	2020
	Original	Final			
REVENUES					
Property Taxes	\$ 54,092,000	\$ 54,092,000	\$ 54,533,809	\$ 441,809	\$ 51,921,668
Other Local Sources	3,969,941	4,099,670	5,306,929	1,207,259	3,744,168
State Sources	105,301,030	105,577,190	105,424,508	(152,682)	103,628,183
Federal Sources	14,973,754	21,664,541	19,809,551	(1,854,990)	11,744,065
Other Sources	-	-	43,393	43,393	2,800
Total Revenues	\$ 178,336,725	\$ 185,433,401	\$ 185,118,190	\$ (315,211)	\$ 171,040,884
EXPENDITURES					
Current					
Instruction					
Regular	\$ 86,171,072	\$ 90,606,673	\$ 85,998,712	\$ 4,607,961	\$ 76,724,605
Special Instruction	31,482,703	32,486,602	32,239,016	247,586	31,233,539
Vocational Education	6,197,133	6,552,350	6,499,733	52,617	6,112,140
Adult Education	1,000,075	1,045,575	1,019,470	26,105	1,005,564
Support Services					
Pupil Services	5,377,421	5,457,012	5,283,342	173,670	5,377,440
Instructional Staff Services	5,185,744	5,370,536	5,130,713	239,823	5,091,269
General Administration Services	2,832,095	2,851,475	2,897,225	(45,750)	2,780,230
School Administration Services	11,369,054	11,591,333	11,390,159	201,174	10,918,187
Business Services	4,478,363	5,030,843	4,792,419	238,424	4,540,771
Operations and Maintenance	15,970,801	16,140,171	17,257,790	(1,117,619)	15,897,575
Pupil Transportation Services	2,961,120	2,963,120	2,671,883	291,237	2,310,011
Co-Curricular	261,258	267,195	261,580	5,615	255,425
Community Services	532,853	539,953	697,159	(157,206)	90,156
Total Expenditures	\$ 173,819,692	\$ 180,902,838	\$ 176,139,201	\$ 4,763,637	\$ 162,336,912
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 4,517,033	\$ 4,530,563	\$ 8,978,989	\$ 4,448,426	\$ 8,703,972
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 350,000	\$ 350,000	\$ 350,000	\$ -	\$ 345,000
Transfers Out	(4,918,400)	(4,918,400)	(4,134,050)	784,350	(7,930,448)
Sale of Assets	-	-	27,865	27,865	3,287
Total Other Financing Sources and Uses	\$ (4,568,400)	\$ (4,568,400)	\$ (3,756,185)	\$ 812,215	\$ (7,582,161)
Net Changes in Fund Balances	\$ (51,367)	\$ (37,837)	\$ 5,222,804	\$ 5,260,641	\$ 1,121,811
Fund Balance - July 1	\$ 32,974,678	\$ 32,974,678	\$ 32,974,678	\$ -	\$ 31,852,867
Prior Period Adjustment	\$ -	\$ -	\$ (1,193,831)	\$ -	\$ -
Fund Balance - July 1, Restated	\$ 32,974,678	\$ 32,974,678	\$ 31,780,847	\$ -	\$ 31,852,867
Fund Balance - June 30	\$ 32,923,311	\$ 32,936,841	\$ 37,003,651	\$ 5,260,641	\$ 32,974,678

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, 2021

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

ND TFFR	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
2021	10.448723%	\$ 159,918,062	\$ 76,240,219	209.76%	65.50%
2020	10.362008%	142,711,077	70,842,224	201.45%	65.50%
2019	10.420065%	138,884,706	70,836,581	196.06%	65.50%
2018	10.410962%	142,997,249	70,271,012	203.49%	63.20%
2017	10.626670%	155,686,944	69,044,120	225.49%	59.20%
2016	10.638990%	139,142,582	65,440,942	212.62%	62.10%
2015	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***

ND TFFR	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
2021	\$ 9,720,703	\$ 9,720,703	-	\$ 70,842,224	13.72%
2020	9,031,664	9,031,664	-	72,692,434	12.75%
2019	9,032,384	9,032,384	-	70,836,581	12.75%
2018	8,959,554	8,959,554	-	70,842,224	12.75%
2017	8,803,126	8,803,126	-	70,271,012	12.75%
2016	8,343,319	8,343,319	-	69,044,120	12.75%
2015	6,793,160	6,793,160	-	65,440,942	10.75%

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 (NDPERS)
For the Year Ended June 30, 2021

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

ND PERS	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
2021	2.372609%	\$ 74,642,787	\$ 26,172,746	285.19%	77.66%
2020	2.381469%	27,912,540	23,478,532	118.89%	71.66%
2019	2.285422%	38,568,989	24,095,650	160.07%	62.80%
2018	2.192320%	35,237,777	22,380,148	157.45%	61.98%
2017	2.110282%	20,566,755	21,266,660	96.71%	70.46%
2016	2.148335%	14,608,311	19,139,057	76.33%	77.15%
2015	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***

ND PERS	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
2021	\$ 1,853,258	\$ 1,898,818	\$ (45,560)	\$ 23,478,532	8.09%
2020	1,803,493	1,826,859	(23,366)	24,771,329	7.37%
2019	1,729,294	1,706,727	22,567	23,478,532	7.27%
2018	1,622,833	1,618,347	4,486	24,095,650	7.23%
2017	1,539,672	1,624,198	(84,526)	22,380,148	7.64%
2016	1,453,765	1,577,824	(124,059)	21,266,660	7.60%
2015	1,386,624	1,386,624	-	19,139,057	7.12%

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 OPEB Liability and Employer Contributions
 For the Year Ended June 30, 2021

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

OPEB	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
2021	2.208087%	\$ 1,857,437	\$ 25,171,541	7.38%	63.38%
2020	2.219936%	1,783,025	23,478,532	7.59%	63.13%
2019	2.145693%	1,689,879	24,095,650	7.01%	61.89%
2018	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**

OPEB	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
2021	\$ 295,713	\$ 299,567	\$ (3,854)	\$ 27,049,482	1.11%
2020	288,091	292,503	(4,412)	24,771,329	1.18%
2019	275,390	273,268	2,122	23,478,532	1.16%
2018	260,153	259,119	1,034	24,095,650	1.08%

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

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

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, 2019.

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, 2019.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information- Continued

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 healthy 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; and
- 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

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

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

OPEB

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

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

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

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.

BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information- Continued

NOTE 5: LEGAL COMPLIANCE – BUDGETS

Budget Amendments

The school board amended the school district budget for 2021 as follows:

REVENUES			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$ 178,336,725	\$ 7,096,676	\$ 185,433,401

EXPENDITURES			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$ 173,819,692	\$ 7,083,146	\$ 180,902,838

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, 2021 (Summarized Comparative Totals 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget	2020
	Original	Final			
REVENUES					
Local Sources	\$ 20	\$ 20	\$ -	\$ (20)	\$ 9
EXPENDITURES					
Debt Service					
Principal	5,761,392	5,761,392	5,761,392	-	8,238,556
Interest and Service Charges	2,626,800	2,626,800	2,623,595	3,205	3,016,899
Total Expenditures	\$ 8,388,192	\$ 8,388,192	\$ 8,384,987	\$ 3,205	\$ 11,255,455
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,388,172)	\$ (8,388,172)	\$ (8,384,987)	\$ 3,185	\$ (11,255,446)
OTHER FINANCING SOURCES (USES)					
Payment to Bond Escrow Agent	\$ -	\$ -	\$ -	\$ -	\$ (25,270,000)
Transfers In	8,388,172	8,388,172	8,384,984	(3,188)	36,525,449
Total Other Financing Sources and Uses	\$ 8,388,172	\$ 8,388,172	\$ 8,384,984	\$ (3,188)	\$ 11,255,449
Net Changes in Fund Balances	\$ -	\$ -	\$ (3)	\$ (3)	\$ 3
Fund Balance - July 1	\$ 3	\$ 3	\$ 3	\$ -	\$ -
Fund Balance - June 30	\$ 3	\$ 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, 2021 (Summarized Comparative Totals 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget	2020
	Original	Final			
REVENUES					
Local Sources	\$ 11,766,350	\$ 11,766,350	\$ 11,853,887	\$ 87,537	\$ 11,458,282
EXPENDITURES					
Operations and Maintenance	\$ 380,515	\$ 611,451	\$ 549,850	\$ 61,601	\$ 1,003,000
Capital Outlay	19,445,436	20,406,156	16,765,000	3,641,156	6,310,644
Debt Service					
Principal	19,485	19,485	19,485	-	95,010
Interest	30,000	30,000	28,068	1,932	28,878
Bond Costs	110,500	110,500	185,623	(75,123)	207,619
Total Expenditures	\$ 19,985,936	\$ 21,177,592	\$ 17,548,026	\$ 3,629,566	\$ 7,645,151
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,219,586)	\$ (9,411,242)	\$ (5,694,139)	\$ 3,717,103	\$ 3,813,131
OTHER FINANCING SOURCES (USES)					
Debt Issuance	\$ 11,205,000	\$ 11,205,000	\$ 11,205,000	\$ -	\$ 18,475,000
Premium on the Sale of Bonds	986,500	986,500	986,497	(3)	743,036
Transfers In	5,796,700	5,796,700	5,796,719	19	5,000,000
Transfers Out	(12,574,772)	(13,871,472)	(13,871,491)	(19)	(38,487,825)
Total Other Financing Sources and Uses	\$ 5,413,428	\$ 4,116,728	\$ 4,116,725	\$ (3)	\$ (14,269,789)
Net Changes in Fund Balances	\$ (2,806,158)	\$ (5,294,514)	\$ (1,577,414)	\$ 3,717,100	\$ (10,456,658)
Fund Balance - July 1	\$ 11,861,356	\$ 11,861,356	\$ 11,861,356	\$ -	\$ 22,318,014
Fund Balance - June 30	\$ 9,055,198	\$ 6,566,842	\$ 10,283,942	\$ 3,717,100	\$ 11,861,356

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, 2021 (Summarized Comparative Totals 2020)

	Food Service	Student Activities	Total	
			2021	2020
REVENUES				
Local Sources	\$ 386,556	\$ 2,709,245	\$ 3,095,801	\$ 4,552,556
State Sources	50,193	-	50,193	54,189
Federal Sources	7,149,082	-	7,149,082	3,528,394
Total Revenues	\$ 7,585,831	\$ 2,709,245	\$ 10,295,076	\$ 8,135,139
EXPENDITURES				
Current				
Food Services	\$ 6,525,028	\$ -	\$ 6,525,028	\$ 6,867,497
Co-curricular	-	6,524,900	6,524,900	6,570,837
Total Expenditures	\$ 6,525,028	\$ 6,524,900	\$ 13,049,928	\$ 13,438,334
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,060,803	\$ (3,815,655)	\$ (2,754,852)	\$ (5,303,195)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 41,289	\$ 3,782,552	\$ 3,823,839	\$ 4,892,824
Refund of Prior Year's Expenses	-	-	-	10,297
Transfers Out	(350,000)	-	(350,000)	(345,000)
Total Other Financing Sources and Uses	\$ (308,711)	\$ 3,782,552	\$ 3,473,839	\$ 4,558,121
Net Change in Fund Balances	\$ 752,092	\$ (33,103)	\$ 718,987	\$ (745,074)
Fund Balances - July 1	\$ 2,420,687	\$ -	\$ 2,420,687	\$ 3,165,761
Prior Period Adjustment	\$ -	\$ 1,192,975	\$ 1,192,975	\$ -
Fund Balance July 1, Restated	\$ 2,420,687	\$ 1,192,975	\$ 3,613,662	\$ 3,165,761
Fund Balances - June 30	\$ 3,172,779	\$ 1,159,872	\$ 4,332,649	\$ 2,420,687

BOARD OF EDUCATION OF THE CITY OF FARGO

Budgetary Comparison Schedule - Food Service Fund

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget	2020
	Original	Final			
REVENUES					
Local Sources	\$ 2,177,700	\$ 2,178,200	\$ 386,556	\$ (1,791,644)	\$ 2,848,222
State Sources	50,000	50,000	50,193	193	54,189
Federal Sources	3,468,250	3,523,250	7,149,082	3,625,832	3,528,394
Total Revenues	<u>\$ 5,695,950</u>	<u>\$ 5,751,450</u>	<u>\$ 7,585,831</u>	<u>\$ 1,834,381</u>	<u>\$ 6,430,805</u>
EXPENDITURES					
Current					
School Food Services	\$ 6,823,850	\$ 6,879,350	\$ 6,525,032	\$ 354,318	\$ 6,867,497
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,127,900)</u>	<u>\$ (1,127,900)</u>	<u>\$ 1,060,799</u>	<u>\$ 2,188,699</u>	<u>\$ (436,692)</u>
OTHER FINANCING SOURCES (USES)					
Refund of Prior Year's Expenses	\$ -	\$ -	\$ -	\$ -	\$ 10,297
Transfers In	30,000	30,000	41,289	11,289	26,321
Transfers Out	(350,000)	(350,000)	(350,000)	-	(345,000)
Total Other Financing Sources and Uses	<u>\$ (320,000)</u>	<u>\$ (320,000)</u>	<u>\$ (308,711)</u>	<u>\$ 11,289</u>	<u>\$ (308,382)</u>
Net Changes in Fund Balances	<u>\$ (1,447,900)</u>	<u>\$ (1,447,900)</u>	<u>\$ 752,088</u>	<u>\$ 2,199,988</u>	<u>\$ (745,074)</u>
Fund Balance - July 1	<u>\$ 2,420,687</u>	<u>\$ 2,420,687</u>	<u>\$ 2,420,687</u>	<u>\$ -</u>	<u>\$ 3,165,761</u>
Fund Balance - June 30	<u>\$ 972,787</u>	<u>\$ 972,787</u>	<u>\$ 3,172,775</u>	<u>\$ 2,199,988</u>	<u>\$ 2,420,687</u>

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, 2021 (Summarized Comparative Totals 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget	2020
	Original	Final			
REVENUES					
Local Sources	\$ 424,000	\$ 1,071,444	\$ 2,709,245	\$ 1,637,801	\$ 1,704,334
EXPENDITURES					
Current					
Co-Curricular	\$ 4,617,340	\$ 5,661,684	\$ 6,524,900	\$ (863,216)	\$ 6,570,837
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,193,340)	\$ (4,590,240)	\$ (3,815,655)	\$ 774,585	\$ (4,866,503)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 4,575,000	\$ 4,575,000	\$ 3,782,551	\$ (792,449)	\$ 4,866,503
Total Other Financing Sources and Uses	\$ 4,575,000	\$ 4,575,000	\$ 3,782,551	\$ (792,449)	\$ 4,866,503
Net Changes in Fund Balances	\$ 381,660	\$ (15,240)	\$ (33,104)	\$ (17,864)	\$ -
Fund Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ 1,192,977	\$ -	\$ -
Fund Balance - July 1, Restated	\$ -	\$ -	\$ 1,192,977	\$ -	\$ -
Fund Balance - June 30	\$ 381,660	\$ (15,240)	\$ 1,159,873	\$ (17,864)	\$ -

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

BOARD OF EDUCATION OF THE CITY OF FARGO

Comparative Balance Sheet - General Fund

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	\$ 30,630,166	\$ 30,515,614
Interest Receivable	-	314,083
Accounts Receivable	88,612	136,497
Taxes Receivable	2,292,981	3,123,330
Intergovernmental Receivable	10,918,076	6,569,387
Due from County Treasurer	92,711	178,254
Inventories	581,774	415,908
Contracts Receivable	<u>845,000</u>	<u>1,115,000</u>
Total Assets	<u>\$ 45,449,320</u>	<u>\$ 42,368,073</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 2,249,606	\$ 670,172
Salaries and Benefits Payable	2,926,968	4,290,497
Due to Other Agencies	131,114	159,391
Contracts Payable	<u>-</u>	<u>35,005</u>
Total Liabilities	<u>\$ 5,307,688</u>	<u>\$ 5,155,065</u>
Deferred Inflows of Resources		
Uncollected Contracts Receivable	\$ 845,000	\$ 1,115,000
Uncollected Taxes Receivable	<u>2,292,981</u>	<u>3,123,330</u>
Total Deferred Inflows of Resources	<u>\$ 3,137,981</u>	<u>\$ 4,238,330</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 8,445,669</u>	<u>\$ 9,393,395</u>
Fund Balances		
Non-Spendable		
Inventory	\$ 581,774	\$ 415,908
Unassigned	<u>36,421,877</u>	<u>32,558,770</u>
Total Liabilities and Fund Balances	<u>\$ 45,449,320</u>	<u>\$ 42,368,073</u>

BOARD OF EDUCATION OF THE CITY OF FARGO

Comparative Balance Sheet - Debt Service Fund

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash with Fiscal Agent	<u>\$ -</u>	<u>\$ 3</u>
 FUND BALANCES		
Restricted		
Debt Service	<u>\$ -</u>	<u>\$ 3</u>

BOARD OF EDUCATION OF THE CITY OF FARGO

Comparative Balance Sheet - Capital Project Fund

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	\$ 12,084,117	\$ 12,285,117
Taxes Receivable	499,113	679,286
Due from County Treasurer	<u>20,164</u>	<u>38,745</u>
Total Assets	<u>\$ 12,603,394</u>	<u>\$ 13,003,148</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 1,079,176	\$ 32,199
Contracts Payable	<u>741,163</u>	<u>430,307</u>
Total Liabilities	<u>\$ 1,820,339</u>	<u>\$ 462,506</u>
Deferred Inflows of Resources		
Uncollected Taxes Receivable	<u>\$ 499,113</u>	<u>\$ 679,286</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,319,452</u>	<u>\$ 1,141,792</u>
Fund Balances		
Restricted		
Capital Projects	<u>\$ 10,283,942</u>	<u>\$ 11,861,356</u>
Total Liabilities and Fund Balances	<u>\$ 12,603,394</u>	<u>\$ 13,003,148</u>

BOARD OF EDUCATION OF THE CITY OF FARGO

Combining Balance Sheet - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021 (Summarized Comparative Totals 2020)

	Food Service	Student Activities	Total	
			2021	2020
ASSETS				
Cash and Investments	\$ 3,159,429	\$ 1,298,350	\$ 4,457,779	\$ 2,478,370
Accounts Receivable	-	10,174	10,174	604
Intergovernmental Receivable	174,153	-	174,153	216,003
Contracts Receivable	-	660,000	660,000	300,000
Inventories	395,873	-	395,873	305,177
Total Assets	\$ 3,729,455	\$ 1,968,524	\$ 5,697,979	\$ 3,300,154
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 22,378	\$ 98,760	\$ 121,138	\$ 90,565
Salaries and Benefits Payable	13,438	3,314	16,752	20,364
Contracts Payable	-	46,577	46,577	-
Unearned Revenue - Food Service Commodity Inventory	225,129	-	225,129	133,811
Unearned Revenue - Food Service Lunch Credits	295,734	-	295,734	334,727
Total Liabilities	\$ 556,679	\$ 148,651	\$ 705,330	\$ 579,467
Deferred Inflows of Resources				
Uncollected Contracts Receivable	\$ -	\$ 660,000	\$ 660,000	\$ 300,000
Total Liabilities and Deferred Inflows of Resources	\$ 556,679	\$ 808,651	\$ 1,365,330	\$ 879,467
Fund Balances				
Non-Spendable				
Inventories	\$ 170,744	\$ -	\$ 170,744	\$ 171,367
Committed				
Special Revenue	3,002,032	1,159,873	4,161,905	2,249,320
Total Fund Balances	\$ 3,172,776	\$ 1,159,873	\$ 4,332,649	\$ 2,420,687
Total Liabilities and Fund Balances	\$ 3,729,455	\$ 1,968,524	\$ 5,697,979	\$ 3,300,154

BOARD OF EDUCATION OF THE CITY OF FARGO

Schedule of Fund Activity
For the Year Ended June 30, 2021

	Restated Balance 7-1-20	Revenue	Transfers In	Other Financing Sources	Transfers Out	Expenditures	Balance 6-30-21
Major Funds							
General Fund:	\$ 31,780,847	\$ 185,118,190	\$ 350,000	\$ 27,865	\$ 4,134,050	\$ 176,139,202	\$ 37,003,650
<u>Debt Service Funds</u>							
Debt Service Fund	\$ -	\$ -	\$ 8,074,773	\$ -	\$ -	\$ 8,074,773	\$ -
Building Authority	3	1	310,211	-	-	310,214	1
Total Debt Service Funds	\$ 3	\$ 1	\$ 8,384,984	\$ -	\$ -	\$ 8,384,987	\$ 1
<u>Capital Projects Fund</u>							
District - Funds 30-39	\$ 11,861,356	\$ 11,853,887	\$ 5,796,719	\$ 12,191,497	\$ 13,871,492	\$ 17,548,025	\$ 10,283,942
Total Major Funds	\$ 43,642,206	\$ 196,972,078	\$ 14,531,703	\$ 12,219,362	\$ 18,005,542	\$ 202,072,214	\$ 47,287,593
Non-Major Funds							
<u>Special Revenue Funds</u>							
Food Service - Fund 50	\$ 2,420,687	\$ 7,585,832	\$ 41,289	\$ -	\$ 350,000	\$ 6,525,032	\$ 3,172,776
Student Activities - Fund 60	1,192,977	2,709,245	3,782,551	-	-	6,524,900	1,159,873
Total Special Revenue Funds	\$ 3,613,664	\$ 10,295,077	\$ 3,823,840	\$ -	\$ 350,000	\$ 13,049,932	\$ 4,332,649
Total Governmental Funds	\$ 47,255,870	\$ 207,267,155	\$ 18,355,543	\$ 12,219,362	\$ 18,355,542	\$ 215,122,146	\$ 51,620,242
Internal Service Fund							
Health Insurance	\$ 4,364,798	\$ 21,058,151	\$ -	\$ -	\$ -	\$ 20,782,576	\$ 4,640,373
Total Internal Service Fund	\$ 4,364,798	\$ 21,058,151	\$ -	\$ -	\$ -	\$ 20,782,576	\$ 4,640,373
Fiduciary Funds							
Agency Fund	\$ 31,322	\$ 1,200	\$ -	\$ -	\$ -	\$ 2,054	\$ 30,468
Total Agency Funds	\$ 31,322	\$ 1,200	\$ -	\$ -	\$ -	\$ 2,054	\$ 30,468
Total All Funds	\$ 51,651,990	\$ 228,326,506	\$ 18,355,543	\$ 12,219,362	\$ 18,355,542	\$ 235,906,776	\$ 56,291,083

BOARD OF EDUCATION OF THE CITY OF FARGO

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE PROGRAMS:			
Passed through the North Dakota Department of Public Instruction:			
10.555	National School Lunch Program - Commodities**	F10555	\$ 529,151
10.559	Summer Food Service Program for Children Child Nutrition Cluster	F10559	6,306,327
			<u>\$ 6,835,478</u>
10.558	Child and Adult Care Food Program	F10558	\$ 82,750
10.560	State Administrative Expenses for Child Nutrition	F10560	14,873
10.582	Fresh Fruit and Vegetable Program	F10582	357,186
			<u>357,186</u>
Total U.S Department of Agriculture			<u>\$ 7,290,287</u>
U.S. DEPARTMENT OF EDUCATION PROGRAMS:			
Direct Assistance:			
84.060	Indian Education_Grants to Local Education Agencies	N/A	\$ 110,836
Passed through the North Dakota Department of Public Instruction:			
84.002	Adult Education - Basic Grants for States	F84002A	248,625
84.010	Title I - Grants to LEA's	F84010	4,279,368
84.027	Special Education-Grants to States	F84027A	3,224,022
84.173	Special Education- Preschool Grants Special Education Cluster	F84173	65,151
			<u>\$ 3,289,173</u>
84.196	Education for Homeless Children and Youth	F84196A	\$ 18,870
84.365A	English Language Acquisition Grants	F84365A	73,646
84.367A	Supporting Effective Instruction State Grants	F84367	991,467
84.371	Striving Readers/Comprehensive Literacy State Development (CLSD)	F84371C & F84371C2	997,893
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	F84425D	3,350,206
84.424A	Student Support and Academic Enrichment Program	F84424A	569,473
Passed through the North Dakota Department of Career and Technical Education:			
84.048A	Career and Technical Education - Basic Grants to States	N/A	<u>\$ 283,122</u>
Passed through the North Dakota Office of Management and Budget:			
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	N/A	<u>\$ 96,379</u>
Total U.S Department of Education			<u>\$ 14,309,058</u>
US DEPARTMENT OF THE TREASURY:			
Passed through the North Dakota Department of Public Instruction:			
21.019	COVID-19 - Coronavirus Relief Fund	F21019	<u>\$ 5,488,534</u>
Total U.S. Department of the Treasury			<u>\$ 5,488,534</u>
U.S. DEPARTMENT OF HUMAN SERVICES PROGRAMS:			
Passed through the North Dakota Department of Public Instruction:			
93.566	Refugee and Entrant Assistance_State/Replacement Designee Administered Programs	N/A	\$ 36,094
93.576	Refugee and Entrant Assistance Discretionary Grants	N/A	24,656
			<u>24,656</u>
Total U.S Department of Human Services			<u>\$ 60,750</u>
US DEPARTMENT OF HOMELAND SECURITY:			
Passed through the North Dakota Department of Emergency Services:			
97.067	Homeland Security Grant Program	N/A	<u>\$ 4,625</u>
Total U.S Department of Homeland Security			<u>\$ 4,625</u>
Total Expenditures of Federal Awards			<u><u>\$ 27,153,254</u></u>

** - 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, 2021

NOTE 1: BASIS OF PRESENTATION / ACCOUNTING

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, 2021. 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.

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.

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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Operating Information

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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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 90,796,725
Restricted For:										
Capital Projects	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	11,124,618
Debt Service	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25	13	-	1,846,872
Unrestricted	(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	34,135,548
Total Net Position	\$ 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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Instruction										
Regular	\$ 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	\$ 71,088,372
Special Education	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	21,680,532
Vocational Education	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	5,515,031
Adult Education	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757	711,602	803,284
Support Services										
Pupil Services	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	3,955,498
Instructional Staff Services	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	5,999,167
General Administration Services	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	2,622,379
School Administration Services	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	7,770,358
Business Services	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	2,383,142
Operations and Maintenance	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	11,748,315
Pupil Transportation Services	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	1,795,903
Co-Curricular	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	4,110,949
Food Services Outlay	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	5,478,702
Community Services	780,709	96,642	95,378	91,079	94,552	262,213	293,853	284,287	327,439	247,687
Debt Services										
Interest and Charges on Long-Term Debt	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	4,311,291
Total Expenses	\$ 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	\$ 149,510,610
General Revenues:										
Taxes										
Property Taxes; Levied for General Purposes	\$ 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	\$ 49,366,161
Property Taxes; Levied for Debt Service	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	7,681,553
Other Tax Revenue	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	661,894
State Aid not Restricted to Specific Program										
Per Pupil Aid	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	45,533,453
Interest Income and Other Revenue	2,293,467	2,092,352	1,537,030	1,301,310	199,755	398,845	329,467	451,553	1,181,006	2,284,212
Total General Revenues	\$ 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	\$ 105,527,273
Program Revenues:										
Charges for Services										
Instruction	\$ 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	\$ 2,544,245
Support Services	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	4,632,560
Operating Grants and Contributions										
Instruction	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	28,805,607
Support Services	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	3,102,288
Capital Grants and Contributions										
Instruction	-	22,000	-	-	-	-	-	-	-	-
Support Services	915,093	936,500	1,221,250	-	-	-	-	-	-	-
Total Program Revenues	\$ 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	\$ 39,084,700
Total Revenues	\$ 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	\$ 144,611,973
Change in Net Position	\$ (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)	\$ (4,898,637)
Net Position - July 1	\$ 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	\$ 142,802,400
Prior Period Adjustment	\$ 844	\$ -	\$ -	\$ (1,642,567)	\$ -	\$ -	\$ (134,672,057)	\$ -	\$ -	\$ -
Net Position - July 1 Restated	\$ 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	\$ 142,802,400
Net Position - June 30	\$ 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

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
2012	\$ 53,769,934	\$ 67,005,931	\$ 10,163,294	\$ 157,217	\$ 131,096,376
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

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
2012	\$ 71,834,837	\$ 19,923,220	\$ 4,920,490	\$ 692,645	\$ 3,844,846	\$ 5,603,234	\$ 2,110,952	\$ 8,052,413	\$ 2,175,965
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

Year Ended June 30	Operations and Maintenance	Pupil Transportation	Co-Curricular	Community Services	Capital Outlay	Debt Principal	Debt Interest	Total
2012	\$ 11,340,987	\$ 1,795,712	\$ 142,584	\$ 246,550	\$ -	\$ -	\$ -	\$ 132,684,435
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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Local Sources</u>										
Property Taxes	\$ 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	\$ 57,047,714
Charges for Services	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	7,176,805
Other	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	661,894
Capital Grants and Contributions	915,093	958,500	1,221,250	-	-	-	-	-	-	-
Total Local Sources	\$ 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	\$ 64,886,413
<u>State Sources</u>										
Per Pupil Aid	\$ 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	\$ 45,533,453
<u>Federal Sources</u>										
Operating Grants and Contributions	\$ 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	\$ 31,907,895
Interest and Other Revenues	\$ 2,293,467	\$ 2,092,352	\$ 1,537,030	\$ 1,301,310	\$ 199,755	\$ 398,845	\$ 329,467	\$ 451,553	\$ 1,181,006	\$ 2,284,212
Total Revenues	\$ 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	\$ 144,611,973

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Instruction</u>										
Regular Instruction	\$ 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	\$ 71,088,372
Special Instruction	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	21,680,532
Vocational Education	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	5,515,031
Adult Education	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757	711,602	803,284
Total Instruction	\$ 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	\$ 99,087,219
<u>Supporting Services</u>										
Pupil Services	\$ 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	\$ 3,955,498
Instructional Staff	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	5,999,167
General Administrative	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	2,622,379
School Administrative	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	7,770,358
Business Services	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	2,383,142
Operations and Maintenance	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	11,748,315
Pupil Transportation	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	1,795,903
Co-Curricular	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	4,110,949
Food Service	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	5,478,702
Total Supporting Services	\$ 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	\$ 45,864,413
Community Services	\$ 780,709	\$ 96,642	\$ 95,378	\$ 91,079	\$ 94,552	\$ 262,213	\$ 293,853	\$ 284,287	\$ 327,439	\$ 247,687
Interest and Other Charges on Long Term Debt	\$ 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	\$ 4,311,291
Total Expenditures	\$ 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	\$ 149,510,610

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	Food Service Fund	Student Activities Fund
Fiscal Year		
2012	\$ 5,801,972	\$ 430,823
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

EXPENDITURE HISTORY	Food Service Fund	Student Activities Fund
Fiscal Year		
2012	\$ 5,288,480	\$ 4,142,003
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

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable										
Inventories	\$ 581,774	\$ 415,908	\$ 271,175	\$ 230,435	\$ 215,830	\$ 190,953	\$ 169,767	\$ 127,887	\$ 139,460	\$ 137,666
Prepaid Expenses	-	-	-	-	-	-	16,410	-	-	-
Restricted										
Debt Service	-	-	-	-	-	-	-	-	-	1,846,872
Unassigned:	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	24,728,227
Total General Fund	\$ 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	\$ 26,712,765
All Other Governmental Funds										
Nonspendable										
Inventories	\$ 170,744	\$ 171,367	\$ 81,770	\$ 1	\$ 9,467	\$ 10,024	\$ 10,413	\$ 9,322	\$ 7,751	\$ 8,393
Contracts Receivable	-	-	-	-	-	-	2,416,783	2,662,140	2,901,134	3,564,071
Restricted										
Debt Service	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25	16	-	-
Capital Projects Fund	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	5,321,891
Committed										
Special Revenue Fund	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	2,929,328
Total All Other Governmental Funds	\$ 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	\$ 11,823,683

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local Sources	\$ 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	\$ 66,214,128
State Sources	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	67,057,656
Federal Sources	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	12,409,442
Other Sources	43,393	2,800	12,872	123,074	26,470	185,428	210,875	226,615	159,651	157,217
Total Revenues	\$ 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	\$ 145,838,443
Expenditures:										
Instruction:										
Regular	\$ 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	\$ 71,834,837
Special Education	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	19,923,220
Vocational Education	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	4,920,490
Adult Education	1,019,470	1,005,564	895,352	861,503	849,895	886,606	757,214	655,834	669,828	692,645
Support Services:										
Pupil Services	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	3,844,846
Instructional Staff Services	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	5,603,234
General Administration Services	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	2,110,952
School Administration Services	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	8,052,413
Business Services	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	2,175,965
Operations and Maintenance	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	11,500,538
Pupil Transportation Services	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	1,795,712
Co-Curricular	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	4,284,587
Capital Outlays	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	3,355,787
Food Service Outlays	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	5,288,480
Community Services	16,765,000	90,156	89,801	89,329	88,124	266,967	289,205	274,508	327,724	246,550
Total Expenditures	\$ 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	\$ 145,630,256
Debt Service:										
Principal	\$ 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	\$ 8,195,000
Interest	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	4,363,830
Bond Costs	185,623	207,619	163,462	755	109,704	518,233	296,985	306,849	248,569	-
Total Debt Service Expenditures	\$ 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	\$ 12,558,830
Total Expenditures	\$ 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	\$ 158,189,086
Excess of Revenues Over (Under) Expenditures	\$ (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)	\$ (12,350,643)
Other Financing Sources (Uses):										
Transfers In	\$ 18,355,541	\$ 46,763,273	\$ 20,084,663	\$ 19,073,264	\$ 25,708,269	\$ 52,784,034	\$ 25,120,133	\$ 14,292,042	\$ 16,736,522	\$ 17,088,833
Transfers Out	(18,355,541)	(46,763,273)	(20,084,663)	(19,073,264)	(26,681,481)	(52,784,034)	(25,120,133)	(14,292,042)	(16,736,522)	(17,088,833)
Premium on the Sale of Bonds	986,497	743,036	1,719,394	-	672,342	3,002,555	312,351	-	708,702	-
Debt Issuance	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	27,865	3,287	25,040	52,196	10,898	8,117,580	235,707	225,703	1,564,535	1,460,403
Total Other Financing Sources (Uses)	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	1,460,403
Net Change in Fund Balances	\$ 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)	\$ (10,890,240)
Fund Balance - July 1	\$ 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	\$ 49,426,688
Prior Period Adjustment	\$ (856)									
Fund Balances- July 1, as restated	\$ 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	\$ 49,426,688
Fund Balance - June 30	\$ 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

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
2012	\$ 35,118,708	\$ -	\$ 131,096,376	\$ 132,684,435	\$ (6,817,884)	\$ 26,712,765
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

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>
2012	\$ 2,937,721	\$ -
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	3,172,776	1,159,873

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

Fiscal Year	Unassigned Fund Balance	Annual Expenditures	Balance as a Percent of Expenditures
2012	\$ 24,728,227	\$ 132,684,435	18.64%
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%

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
2012	\$ 653,385	\$ 22,358,421	\$ 74,300,880	\$ 24,453,191	\$ 139,955,608	\$ 261,721,485	\$(1,477,237)	\$ -	\$ 260,244,248	\$ 2,768,851,946	\$ 5,537,703,891	9.40%
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%

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
2012	\$ 260,244,248	\$ 2,768,851,946	\$ 5,537,703,891
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

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
2012	191.18	26.35	4.06	221.59
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

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 2020		Tax Year 2011	
	Taxable Value	Percentage of Total Taxable Value	Taxable Value	Percentage of Total Taxable Value
Northern States Power Company	\$ 5,663,600	1.23%	\$ 2,780,188	1.07%
Great Plains Software Inc	1,936,635	0.42%	856,560	0.33%
1709 25th Ave S	1,488,750	0.32%		
Case Equipment Corporation	1,442,800	0.31%	1,115,090	0.43%
U32 Apartments LLC	1,413,450	0.31%		
NDSU Development Foundation	1,247,450	0.27%		
Innovis Health LLC	1,158,835	0.25%	1,623,235	0.62%
Sanford North	1,106,800	0.24%		
Mills Fleet Farm	1,077,050	0.23%		
Walmart	1,028,365	0.22%		
Inreit Properties LLLP			2,486,960	0.96%
Matrix Properties Corp.			1,532,140	0.59%
Dakota Park Limited Patnership			1,210,260	0.47%
The Waterford at Harwood Groves LLC			1,146,425	0.44%
Meritcare Medical Group			1,196,425	0.46%
Meritcare Hospital			1,059,644	0.41%
Total Attributable to Ten Largest Taxpayers	17,563,735	3.80%	15,006,927	5.78%
Total Taxable Value	\$ 459,680,762	100.00%	\$ 260,244,248	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
2012	\$ 57,755,414	\$ 257,739	\$ 58,013,153	\$ 52,462,082	90.83%	\$ 3,528,008	\$ 55,990,090	96.51%
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	402,940	57,943,704	52,553,717	91.33%	2,510,550	55,064,267	90.70%
2019	61,400,132	(104,674)	61,295,458	58,136,869	94.69%	227,964	58,364,834	95.22%
2020	64,176,155	(90,086)	64,086,069	57,934,764	90.27%	211,482	57,934,764	90.40%
2021	66,591,409	(92,386)	66,499,023	61,010,250 **	91.62%	-	61,010,250	91.75%

** Collection is as of June 30, 2021

Source: Cass County Auditor's Office

BOARD OF EDUCATION OF THE CITY OF FARGO

Levies and Mill Conversion
Last Ten Fiscal Years

	<u>2020-2021</u>	<u>2019-2020</u>
Taxable Valuation	\$ 454,124,521	\$ 430,628,600
One Millage of Tax	<u>X 0.001</u>	<u>X 0.001</u>
Each Mill Will Return (Approx.)	<u>454,125</u>	<u>430,629</u>
Actual Dollars Levied		
General Fund	\$ 55,207,201	\$ 52,341,988
Building Fund	11,474,284	10,878,777
Special Assessments	<u>544,321</u>	<u>516,071</u>
Total Required Levy	<u>67,225,806</u>	<u>63,736,836</u>
Mill Conversion:		
General Fund	126.78	126.78
Building Construction Fund	26.35	26.35
Special Assessments	<u>1.25</u>	<u>1.25</u>
Total Mill Levy	<u>154.38</u>	<u>154.13</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	Taxable Valuation	Percent of Estimated Actual Taxable Value of Property	Estimated Population	Per Capita Debt
2012	\$ 91,321,872	\$ -	\$ 91,321,872	\$ 260,244,248	35.09%	107,349	851
2013	85,745,000	-	85,745,000	267,918,783	32.00%	109,779	781
2014	106,490,000	13	106,489,987	273,895,283	38.88%	113,658	937
2015	108,870,000	21	108,869,979	288,468,136	37.74%	115,863	940
2016	103,612,508	27	103,612,481	317,913,169	32.59%	118,523	874
2017	97,067,291	7,660	97,059,631	350,229,161	27.71%	120,762	804
2018	90,124,322	20	90,124,302	373,326,181	24.14%	122,359	737
2019	96,718,574	-	96,718,574	394,615,743	24.51%	124,844	775
2020	81,685,018	3	81,685,015	430,628,600	18.97%	124,662	655
2021	87,128,626	-	87,128,626	454,124,521	19.19%	125,990	692

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, 2021

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	\$ 87,128,626	100.00%	\$ 87,128,626
Total District Direct Debt			<u>87,128,626</u>
Cass County	\$ 2,450,000	44.8%	1,096,496
City of Fargo	474,075,000	67.4%	319,576,573
Fargo Park District	20,240,000	67.4%	13,643,896
Southeast Cass Water Resource District	740,000	50.6%	374,110
Other Entities*			<u>-</u>
Total Overlapping Debt			<u>334,691,075</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 421,819,701</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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assessed Value of all Property	\$ 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	\$ 2,768,851,946
Debt Limit - 5% of Assessed Value	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	138,442,597
Legal Debt Margin:										
Debt Applicable to Limitation: Total Bonded Debt	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	68,376,872
Total Debt Applicable to Limitation	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	68,376,872
Legal Debt Margin	\$ 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	\$ 70,065,725
Total Debt Applicable to Limitation as a Percentage of Debt Limit	35.69%	35.21%	44.10%	41.97%	47.39%	54.12%	60.79%	60.63%	45.70%	49.39%

Source: District Accounting Department
Source: 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	Certificates of Indebtedness	Special Assessments	Percent Debt to Valuation	Percent Debt to Total Personal Income	Per Capita Debt
*2012	107,349	\$ 260,244,248	\$2,768,851,946	\$ 40,644	\$4,363,092,756	\$ 91,321,872	\$ 60,000	\$ 1,096,969	3.34%	2.12%	861
*2013	109,779	267,918,783	2,846,220,876	42,740	4,691,954,460	85,745,000	-	91,134	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	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	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	3.07%	1.79%	878
*2017	120,762	350,229,161	3,725,331,416	49,987	6,036,530,094	97,067,291	-	695,230	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	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	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	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	1.81%	1.27%	697

Source: District Accounting Department
Fargo Cass County Economic Development Corp
Cass County Assessor's Office

* Estimated Population: U.S. Census Bureau

Per Capita Income: US Department of Commerce: Bureau of Economic Analysis

BOARD OF EDUCATION OF THE CITY OF FARGO

Schedule of Bonds Payable
For the Year Ended June 30, 2021

<u>Bonds Payable:</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amounts Issued</u>	<u>Amounts Retired</u>	<u>Balance Outstanding</u>
Limited Tax Refunding Bonds Series 2012	2012	2023	2.0% - 2.25%	\$ 24,615,000	\$ 20,385,000	\$ 4,230,000
Limited Tax Bonds Series 2014	2015	2027	2.0% - 2.5%	9,835,000	1,000,000	8,835,000
Limited Tax Refunding Bonds Series 2015	2015	2026	2.00%	9,750,000	-	9,750,000
Limited Tax Refunding Bonds Series 2015B	2016	2035	1.00%	6,000,000	1,676,374	4,323,626
State School Construction Bond Series 2015C	2016	2036	2.0% - 4.0%	9,160,000	1,455,000	7,705,000
Limited Tax Bonds Series 2016A	2016	2024	5.00%	14,310,000	5,520,000	8,790,000
Limited Tax Refunding Bonds Series 2016B	2018	2038	4.0% - 5.0%	14,000,000	880,000	13,120,000
Limited Tax Bonds Series 2018	2019	2032	2.4% - 3.0%	18,475,000	150,000	18,325,000
Limited Tax Refunding Bonds Series 2019	2020	2040	2.0% - 5.0%	11,205,000	-	11,205,000
<u>Building Authority Revenue Bonds:</u>						
Lease Revenue Refunding Bonds Series 2017	2017	2024	3.0% - 5.0%	8,795,000	7,950,000	845,000
				<u>\$ 126,145,000</u>	<u>\$ 39,016,374</u>	<u>\$ 87,128,626</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, 2021

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,354,256	\$ 2,642,064	\$ 8,996,320
2023	4,697,148	2,444,696	7,141,844
2024	5,280,070	2,231,412	7,511,482
2025	6,783,020	1,983,837	8,766,857
2026	7,356,001	1,766,406	9,122,407
2027	7,719,011	1,572,596	9,291,607
2028	6,747,051	1,371,019	8,118,070
2029	5,685,121	1,179,386	6,864,507
2030	5,868,222	993,784	6,862,006
2031	6,056,355	819,557	6,875,912
2032	6,224,518	641,824	6,866,342
2033	4,567,713	476,529	5,044,242
2034	2,330,940	373,301	2,704,241
2035	2,394,200	306,517	2,700,717
2036	2,130,000	237,575	2,367,575
2037	2,200,000	169,650	2,369,650
2038	1,650,000	108,700	1,758,700
2039	1,700,000	55,000	1,755,000
2040	685,000	20,850	705,850
2041	700,000	7,000	707,000
	<u>\$ 87,128,626</u>	<u>\$ 19,401,703</u>	<u>\$ 106,530,329</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 General Fund Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Debt Service to General Fund Expenditures</u>
2012	\$ 3,590,000	\$ 4,023,261	\$ 7,613,261	\$ 132,684,435	5.74%
2013	5,875,000	4,123,200	9,998,200	130,758,712	7.65%
2014	5,810,000	3,051,986	8,861,986	135,250,478	6.55%
2015	6,775,000	3,591,491	10,366,491	140,783,612	7.36%
2016	7,362,492	3,447,800	10,810,292	147,458,328	7.33%
2017	5,990,217	3,262,455	9,252,672	150,251,090	6.16%
2018	6,942,969	3,139,442	10,082,411	153,664,001	6.56%
2019	7,405,749	3,127,129	10,532,878	158,494,195	6.65%
2020	8,038,556	3,016,899	11,055,455	162,336,912	6.81%
2021	5,761,392	2,623,595	8,384,987	176,139,201	4.76%

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>
**2012	107,349	3.0%
**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%

* Source: United Census Bureau

Unemployment Rate Source: 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	2021			2012		
	FTE's	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	FTE's	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Sanford Health	8,651	1	6.05%	6,739	1	5.69%
Essentia Health	5,141	2	3.60%	967	7	0.82%
North Dakota State University	4,363	3	3.05%	2,401	2	2.03%
Axis Communications	3,200	4	2.24%			
Fargo Public School District No. 1	1,929	5	1.35%	1,638	3	1.38%
Wanzek Construction Inc	1,841	6	1.29%			
Eventide Senior Living Communitites	1,660	7	1.16%			
Moorhead Area Public Schools	1,637	8	1.15%			
West Fargo Public Schools	1,623	9	1.14%	786	10	0.66%
US Bank Service Center	1,201	10	0.84%	975	6	0.82%
Noridian Mutual Insurance Co.				1,345	4	1.14%
Case New Holland				1,055	5	0.89%
VA Medical Center				870	8	0.73%
Microsoft Business Solutions				869	9	0.73%
*Employed Labor Force	142,885			118,438		

Source: Job Service North Dakota. Workforce Intelligence Network
 Source: Greater Fargo Moorhead Economic Development Corporation
 *Employed Labor Force as of July 2021 and June 2012
 Source: Chamber of Commerce of Fargo-Moorhead-West Fargo

OPERATING INFORMATION



BOARD OF EDUCATION OF THE CITY OF FARGO

Number of School District Employees by Function
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administrators	80	62	54	66	65	66	69	71	69	72
Nutritional Services	126	129	129	119	129	121	121	100	117	116
Maintenance	136	126	125	146	128	124	128	130	124	124
Support Staff	621	633	673	601	580	541	520	508	466	441
OT/PT, Social Workers	19	26	17	30	17	17	5	20	16	19
Teachers	1055	1052	1018	999	1004	977	973	965	959	946
TOTAL	2037	2028	2016	1961	1923	1846	1816	1794	1751	1718

Source of Data: District Accounting Department

BOARD OF EDUCATION OF THE CITY OF FARGO

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
FUNCTION										
Instruction:										
Regular	\$ 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	\$ 68,161,345
Special Education	34,966,468	35,117,678	34,895,364	33,780,655	31,424,097	30,219,075	25,887,856	25,182,518	25,901,816	18,910,494
Vocational Education	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	4,663,600
Adult Education	1,105,718	1,130,614	1,053,883	1,062,816	1,059,177	1,097,134	862,608	782,066	853,906	660,452
Instruction Total	<u>136,396,089</u>	<u>129,386,444</u>	<u>\$ 131,197,649</u>	<u>\$ 131,228,295</u>	<u>\$ 131,014,266</u>	<u>\$ 125,656,715</u>	<u>\$ 111,260,151</u>	<u>\$ 109,593,483</u>	<u>\$ 117,198,601</u>	<u>\$ 92,395,891</u>
Support Services:										
Pupil Services	\$ 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	\$ 3,652,704
Instructional Staff Services	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	5,324,052
General Administration Services	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	2,008,313
School Administration Services	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	7,642,373
Business Services	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	2,062,228
Operations and Maintenance	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	10,917,676
Pupil Transportation Services	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	1,698,305
Extracurricular	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	4,070,541
Food Service Outlays	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	5,014,044
Support Services Total	<u>\$ 68,840,178</u>	<u>\$ 69,274,214</u>	<u>\$ 70,967,772</u>	<u>\$ 75,122,295</u>	<u>\$ 69,422,397</u>	<u>\$ 69,448,390</u>	<u>\$ 60,039,567</u>	<u>\$ 64,198,910</u>	<u>\$ 60,698,485</u>	<u>\$ 42,390,236</u>
Function Total	<u>\$ 205,236,267</u>	<u>\$ 198,660,658</u>	<u>\$ 202,165,421</u>	<u>\$ 206,350,590</u>	<u>\$ 200,436,663</u>	<u>\$ 195,105,105</u>	<u>\$ 171,299,718</u>	<u>\$ 173,792,393</u>	<u>\$ 177,897,086</u>	<u>\$ 134,786,127</u>
CAPITAL ASSETS BY CLASSIFICATION										
Land	\$ 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	\$ 11,452,077
Buildings and Improvements (Net)	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	120,092,892
Equipment and Vehicles (Net)	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	3,241,158
Total Capital Assets	<u>\$ 205,236,267</u>	<u>\$ 198,660,658</u>	<u>\$ 202,165,422</u>	<u>\$ 206,350,590</u>	<u>\$ 200,436,663</u>	<u>\$ 195,105,105</u>	<u>\$ 171,299,718</u>	<u>\$ 173,792,393</u>	<u>\$ 177,897,086</u>	<u>\$ 134,786,127</u>

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
2011-12	118	4,953	2,414	3,250	10,735
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

Source of Data: District Accounting Department 2020-21 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, 2021

AVERAGE DAILY MEMBERSHIP	11,476.15	
GENERAL FUND:		
Regular Instruction	\$ 7,494	
Special Education	2,809	
Vocational Education	566	
Adult Education	89	
Pupil Services	460	
Instructional Staff Services	447	
General Administrative	252	
School Administrative	993	
Business Services	418	
Operations and Maintenance	1,504	
Pupil Transportation	233	
Co-Curricular	23	
Community Services	<u>61</u>	
		\$ 15,349
CAPITAL PROJECTS		1,529
FOOD SERVICE		569
STUDENT ACTIVITIES		569
DEBT SERVICE		<u>731</u>
TOTAL		<u>\$ 18,747</u>

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of Education of the City of Fargo
Fargo, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Fargo, North Dakota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education of the City of Fargo's basic financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education of the City of Fargo's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the City of Fargo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the City of Fargo's internal control.

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

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

BOARD OF EDUCATION OF THE CITY OF FARGO

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the City of Fargo 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 14, 2022

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; and REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of Education of the City of Fargo
Fargo, North Dakota

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of the City of Fargo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the City of Fargo's major federal programs for the year ended June 30, 2021. The Board of Education of the City of Fargo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the City of Fargo's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the City of Fargo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board of Education of the City of Fargo's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board of Education of the City of Fargo complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

BOARD OF EDUCATION OF THE CITY OF FARGO

Report on Compliance for Each Major Federal Program; Report of Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance - Continued

Report on Internal Control Over Compliance

Management of the Board of Education of the City of Fargo is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the City of Fargo's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the City of Fargo's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Board of Education of the City of Fargo as of and for the year ended June 30, 2021, and have issued our report thereon dated January 14, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 14, 2022

BOARD OF EDUCATION OF THE CITY OF FARGO

Summary of Auditor's Results, and Findings, and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

Material weaknesses identified?	_____	Yes	<u> X </u>	None	Noted
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u> X </u>	None	Noted
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	None	Noted

Federal Awards

Internal Control Over Major Programs:

Material weaknesses identified?	_____	Yes	<u> X </u>	None	noted
Reportable conditions identified not considered to be material weaknesses?	_____	Yes	<u> X </u>	None	noted
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 CFR §200.516 (Uniform Guidance) requirements?	_____	Yes	<u> X </u>	None	noted

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund
10.555 & 10.559	Child Nutrition Cluster
84.371	Striving Readers/Comprehensive Literacy State Development (CLSD)
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between Type A and B programs: \$ 814,598

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

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GOVERNANCE COMMUNICATION

Board of Education of the City of Fargo
Fargo, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Fargo, North Dakota, and the respective changes in financial position for the year ended June 30, 2021 which collectively comprise the Board of Education of the City of Fargo's basic financial statements, and have issued our report thereon dated January 14, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards

As stated in our engagement letter dated October 4, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

In planning and performing our audit, we considered the Board of Education of the City of Fargo's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Board of Education of the City of Fargo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Board of Education of the City of Fargo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the purpose of expressing an opinion on the Board of Education of the City of Fargo's compliance with those requirements over the major federal programs. While our audit provides a reasonable basis for our opinion over compliance for the major federal programs, it does not provide a legal determination on the Board of Education of the City of Fargo's compliance with those requirements.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Board of Education of the City of Fargo are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 14, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board of Education of the City of Fargo's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the School Board and management of the Board of Education of the City of Fargo, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of the Board of Education of the City of Fargo for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve the Board of Education of the City of Fargo.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 14, 2022



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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