

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2020**



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

**Fargo, North Dakota**



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

415 4<sup>th</sup> Street North  
Fargo, North Dakota 58102

For the Fiscal Year Ended June 30, 2020

Dr. Rupak Gandhi, Superintendent

Prepared by:  
Patti Richards, CPA

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# BOARD OF EDUCATION OF THE CITY OF FARGO

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For the Year Ended June 30, 2020

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**SECTION I**  
**INTRODUCTORY SECTION**



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415 4th Street North  
Fargo, ND 58102-4514  
701.446.1000  
FAX: 701.446.1200  
www.fargo.k12.nd.us

**Dr. Rupak Gandhi**, *Superintendent* • 701.446.1005  
**Dr. Robert Grosz**, *Associate Superintendent* • 701.446.1073  
**Missy Eidsness**, *Associate Superintendent* • 701.446.1069  
**Jackie Gapp**, *Business Manager* • 701.446.1032  
**Doug Andring**, *Director, Human Resources* • 701.446.1038  
**AnnMarie Campbell**, *Executive Assistant & Communications* • 701.446.1005

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November 24, 2020

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

### INTRODUCTION

The Comprehensive Annual 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, 2020, and the results of operations for the fiscal year 2020. 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 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.

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. Foodservice 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 11,471 students in 2019-2020 from an estimated population of 124,662 in the city of Fargo, and the projected enrollment is expected to remain stable or grow. The District employs approximately 2,028 people, including 1,052 teachers. The school district encompasses 57 square miles, and in terms of the number of students, is North Dakota's second-largest school district.

During the 2019-2020 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 109 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.
- Renovations to provide secure entrances at various schools.
- 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 2010, the unemployment rate was 4.1%. 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 6.4%. 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 2020 building permit report, Fargo issued 1,199 permits and exceeded \$427 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](http://www.fargo.k12.nd.us/StrategicPlan)

The Board of Education, elected by the citizens, believes the strategic plan is the district's blueprint for the future. They base their decisions on a set of common beliefs and values.

The Fargo Public Schools are committed to...

- The Belief 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 student, parent, and community partnerships.
- Making data-driven decisions for continuous improvement.

### 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 student, parent, 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.

### 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.

In 2019-2020, the district students were not assessed due to the Covid-19 virus. The Department of Public Instruction determined that all schools in the state were exempt from administering the assessment as the schools were shut down from March 15th through the end of the school year.

### 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. The spring assessment period for the 2019-2020 school year was missed due to the Covid-19 outbreak. 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 2019-2020 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 2019-2020 the district's high school seniors continued to score above both state and national average composite scores on the American College Test (ACT) entrance exam. The district's students' average composite score of 20.7 compared to a state average of 19.7. Also, in 2019-2020, the State-administered a mandatory ACT for all juniors. The district's average composite score for juniors was 20.6 and the state average was 19.3.

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 2019-2020 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.

### 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 16<sup>th</sup> 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 8<sup>th</sup> 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 6<sup>th</sup> best college town and city below 250,000 in population by the American Institute for Economic Research.
- Forbes Magazine ranked Fargo 12<sup>th</sup> 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, 2020, amounted to \$81,685,018. The bonds mature at various dates to the year 2038. 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 represent 54.39% of 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 will start 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 CAFR for the fiscal year ended June 30, 2019. This award is presented to governmental units that publish a CAFR 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 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.



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Jackie Gapp  
Business Manager



# BOARD OF EDUCATION OF THE CITY OF FARGO

School Board and Administration

June 30, 2020

## SCHOOL BOARD

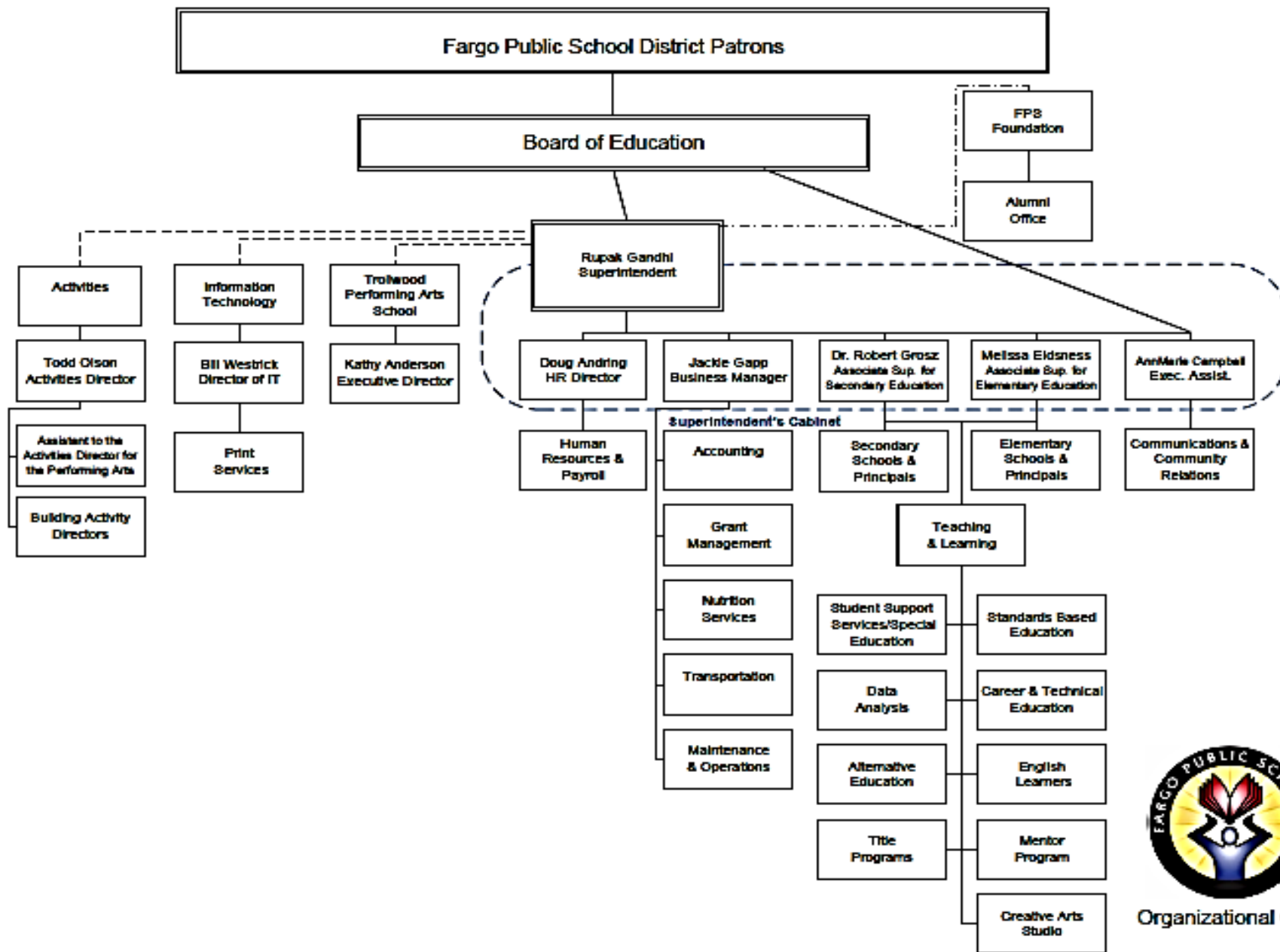
Robin Nelson	President
John Rodenbiker	Vice President
Brandi Aune	Board Member
Brian Nelson	Board Member
David Paulson	Board Member
Jennifer Benson	Board Member
Jim Johnson	Board Member
Kristi Ulrich	Board Member
Rebecca Knutson	Board Member

## ADMINISTRATION

Dr. Rupak Gandhi	Superintendent
Dr. Robert Grosz	Associate Superintendent
Missy Eidsness	Associate Superintendent
Doug Andring	Director of Human Resources
Jackie Gapp	Business Manager

## AUDIT PERSONEL

Heath Erickson CPA	Audit Manager
Alexander Bakken CPA	In-Charge Auditor



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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

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



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STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

## 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, 2020, 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's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**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 November 24, 2020 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  
November 24, 2020



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Management's Discussion and Analysis

For the Year Ended June 30, 2020

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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, 2020. 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 \$18,704,283 (Net Position). Of this amount, (\$124,230,429) (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 \$1,413,143 as a result of the current year's operation.
- The Fargo Public School District's total revenues from all sources were \$190,699,303. Total expenses were \$192,112,446.
- At the close of the current fiscal year, The Fargo Public School District's governmental funds reported combined ending fund balances of \$47,256,724, a decrease of \$10,079,918 in comparison with the prior year. Approximately 68.90% or \$32,558,770 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 decreased from the prior year and would be \$38,359,419. 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.

### BOARD OF EDUCATION OF THE CITY OF FARGO STATEMENT OF NET POSITION

	2020	2019
<b>Assets</b>		
Current and Non-Current assets	\$ 65,131,116	\$ 82,519,590
Capital assets (net of depreciation)	217,519,919	214,714,039
<b>Total Assets</b>	<u>282,651,035</u>	<u>297,233,629</u>
<b>Deferred Outflows of Resources</b>		
Pension and OPEB items	32,340,986	34,482,379
<b>Total Assets and Deferred Outflows of Resources</b>	<u>314,992,021</u>	<u>331,716,008</u>
<b>Liabilities and Deferred Inflows of Resources</b>		
Current Liabilities	14,052,797	20,141,232
Long Term Liabilities	259,710,749	281,392,322
<b>Total Liabilities</b>	<u>273,763,546</u>	<u>301,533,554</u>
<b>Deferred Inflows of Resources</b>		
Pension and OPEB items	22,524,192	10,065,028
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>296,287,738</u>	<u>311,598,582</u>
<b>Net Position</b>		
Net Investment in Capital Assets	131,073,353	112,719,539
Restricted	11,861,359	22,318,014
Unrestricted	(124,230,429)	(114,920,127)
<b>Total Net Position</b>	<u>\$18,704,283</u>	<u>\$ 20,117,426</u>

Current assets decreased mainly from using the funds held by our fiscal agent for the payoff of the 2014 Limited Tax Bond. Capital assets increased because of construction in progress on the Discovery Middle school addition, security upgrades at three elementary schools, and the start of construction on the Explorer Academy. The deferred outflows of resources decreased with the change in change of assumptions on pension and OPEB investments. Current liabilities

decreased as a result of reduced salaries and benefits payable. Long-term liabilities due within one year decreased from the payoff of the 2014 Limited Tax Bond. Long-term liabilities due outside one year decreased due to a reduction in payroll liabilities and a reduction in debt payable. Deferred inflows of resources increased as a result of the difference between expected and actual experience and changes of assumptions. Net investment in capital assets increased primarily from the payoff of the 2014 Limited Tax Bond. Restricted net position decreased also as a result of the payoff of the 2014 Limited Tax Bond after using the funds held by our fiscal agent.

Governmental activities decreased the Fargo Public School District's net position by \$1,413,143. Key elements of this decrease are as follows:

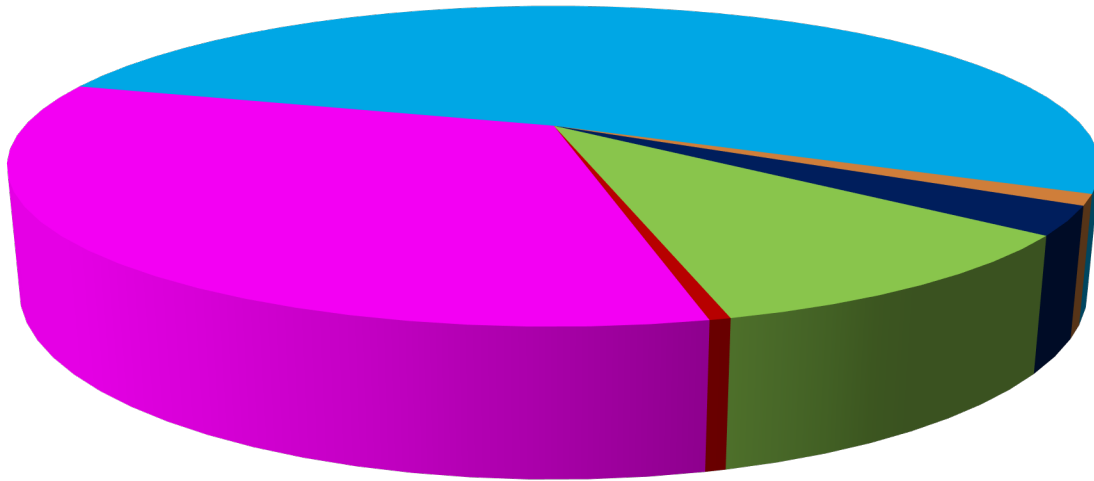
**BOARD OF EDUCATION OF THE CITY OF FARGO  
STATEMENT OF ACTIVITIES**

<b>Revenues</b>	2020	2019
Program Revenues:		
Charges for Services	\$ 5,398,491	\$ 6,755,070
Operating Grants and Contributions	19,699,887	17,499,864
Capital Grants and Contributions	958,500	1,221,250
General Revenues		
Taxes	63,082,264	60,350,847
State Aid	99,467,809	98,557,816
Interest and Other Revenue	2,092,352	1,537,030
<b>Total Revenues</b>	<b>190,699,303</b>	<b>185,921,877</b>
 <b>Expenses</b>		
Instruction	123,755,777	119,211,442
Support Services:		
Pupil Services	5,791,352	5,361,161
Instructional Staff Services	5,474,206	5,257,744
General Administrative Services	3,825,675	3,812,118
School Administrative Services	11,532,962	11,042,831
Business Services	4,929,666	4,873,040
Operations and Maintenance	18,139,904	17,324,802
Pupil Transportation Services	2,476,412	2,697,027
Co-Curricular Services	5,827,392	7,209,485
Food Services	7,447,411	7,237,490
Community Service	96,642	95,378
Interest and other charges on Long-Term Debt	2,815,047	3,359,553
<b>Total Expenses</b>	<b>192,112,446</b>	<b>187,482,071</b>
 Change in Net Position	 (1,413,143)	 (1,560,194)
Net Position – July 1	20,117,426	21,677,620
Net Position – June 30	<b>\$18,704,283</b>	<b>\$20,117,426</b>

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.

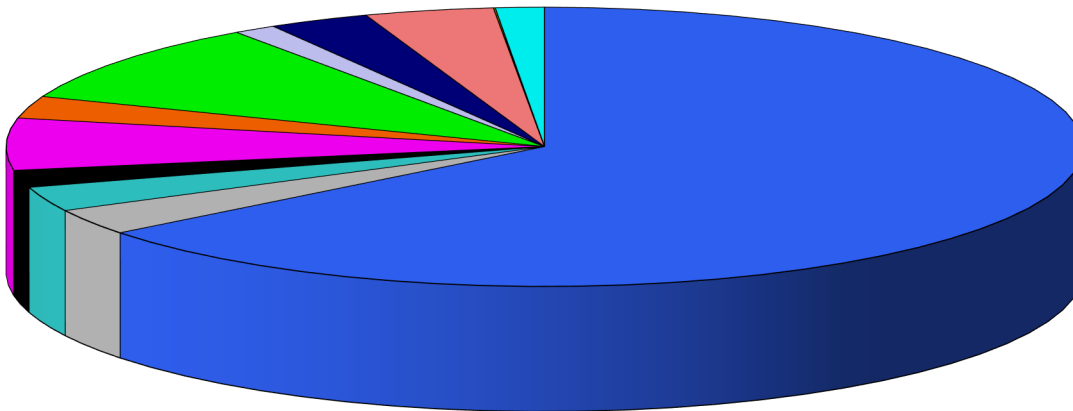
The following charts present the portion of each category/function of revenue and expense:

## Revenues of the Board of Education of the City of Fargo for the Fiscal Year 2020



■ 2.83% Charges for Services	■ 10.33% Operating Grants and Contributions
■ .50% Capital Grants and Contributions	■ 33.08% Taxes
■ 52.16% State Aid	■ 1.10% Interest and Other Revenue

## Expenses of the Board of Education of the City of Fargo for the Fiscal Year 2020



■ 64.42% Instruction	■ 3.01% Pupil Services
■ 2.85% Instructional Staff Services	■ 1.99% General Administrative Services
■ 6.00% School Administrative Services	■ 2.57% Business Services
■ 9.44% Operations and Maintenance	■ 1.29% Pupil Transportation Services
■ 3.03% Co-Curricular Services	■ 3.88% Food Services
■ .05% Community Services	■ 1.47% Interest on Long-Term Debt

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 \$192,112,446 compared to \$187,482,071 for the year ended June 30, 2019.

- Some of the cost was paid for by the users of the district's programs. (\$5,398,491).
- The Federal and State governments subsidized certain programs with grants and contributions (\$19,699,887 for operating purposes) and capital contributions of (958,500) were used for new football turf at North High School and the Washington elementary playground.
- Most of the district's revenues (\$164,642,425) were funded by district taxpayers and the taxpayers of the State of North Dakota and is comprised of property taxes (\$63,082,264), state aid based on the statewide education aid formula (\$99,467,809), and with investment earnings and other general revenues (\$2,092,352).

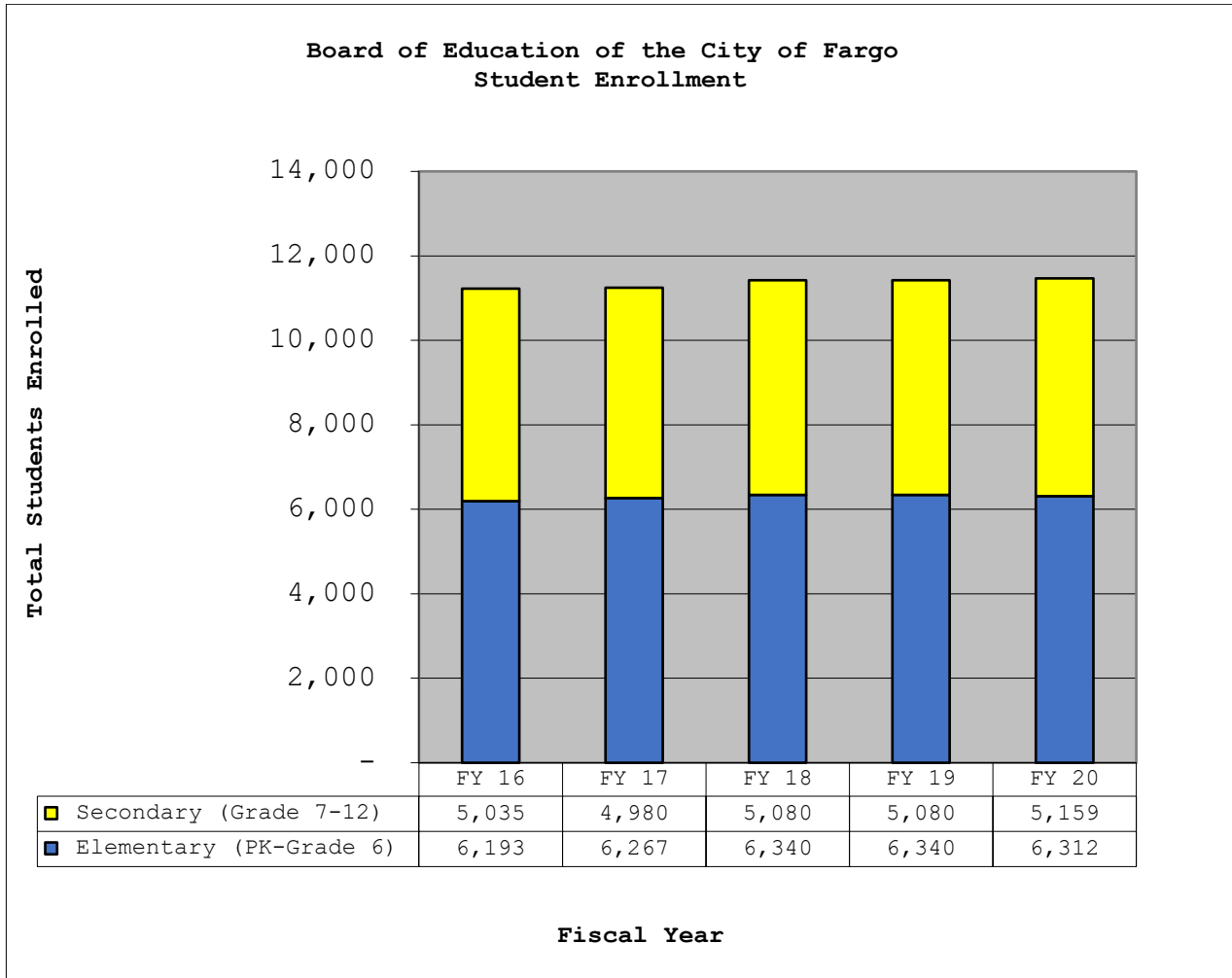
Board of Education of the City of Fargo  
Net Cost of Governmental Activities

	2020		2019	
	Total Cost of Service	Net Cost of Services	Total Cost of Service	Net Cost of Services
Regular Instruction	\$ 82,480,926	\$ (73,957,793)	\$ 80,437,383	\$ (73,411,452)
Special Education	33,500,437	(27,504,091)	31,522,956	(26,093,758)
Vocational Education	6,686,938	(5,173,872)	6,291,560	(4,992,241)
Adult Education	1,087,476	(843,476)	959,543	(716,993)
Pupil Services	5,791,352	(5,578,015)	5,361,161	(4,966,279)
Instructional Staff Services	5,474,206	(5,474,206)	5,257,744	(5,257,744)
General Admin Services	3,825,675	(3,825,675)	3,812,118	(3,812,118)
School Admin Services	11,532,962	(11,532,962)	11,042,831	(11,042,831)
Business Services	4,929,666	(4,769,588)	4,873,040	(4,642,165)
Operations & Maintenance	18,139,904	(17,927,808)	17,324,802	(17,085,598)
Pupil Transportation Service	2,476,412	(1,363,990)	2,697,027	(1,614,008)
Co-Curricular	5,827,392	(4,123,058)	7,209,485	(4,793,293)
Food Service Outlays	7,447,411	(1,069,345)	7,237,490	(122,476)
Community Services	96,642	(96,642)	95,378	(95,378)
Interest / Other Expenses	2,815,047	(2,815,047)	3,359,553	(3,359,553)
<b>TOTAL</b>	<b>\$ 192,112,446</b>	<b>\$ (166,055,568)</b>	<b>\$ 187,482,071</b>	<b>\$ (162,005,887)</b>

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 11,228 to 11,471. The fiscal year 2020 saw a 51-student increase in enrollment. 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.

	Year Ended June 30, 2020	Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 55,665,836	\$ 52,715,159	\$ 2,950,677	5.60%
State Sources	103,628,183	102,695,246	932,937	.91%
Federal Sources	11,744,065	9,716,163	2,027,902	20.87%
Other Sources	2,800	12,872	(10,072)	(78.25)%
<b>Total General Fund Revenue</b>	<b>\$ 171,040,884</b>	<b>\$ 165,139,440</b>	<b>\$ 5,901,444</b>	<b>3.57%</b>

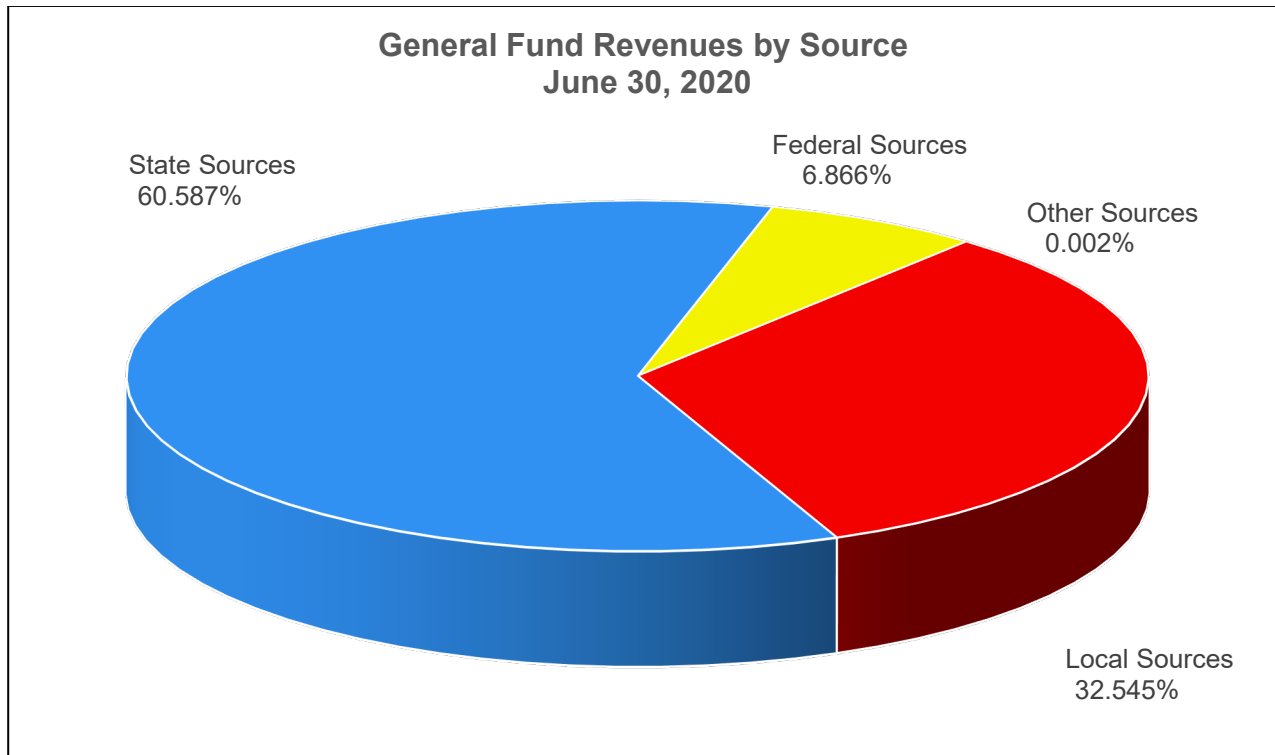
During the fiscal year 2020, the total General Fund revenue increased by \$5,901,444, or 3.57% from the previous year. Basic general education revenue is determined by a state per-student funding formula and consists of a mix of property taxes and state aid revenue.

The following schedule presents a summary of General Fund expenditures.

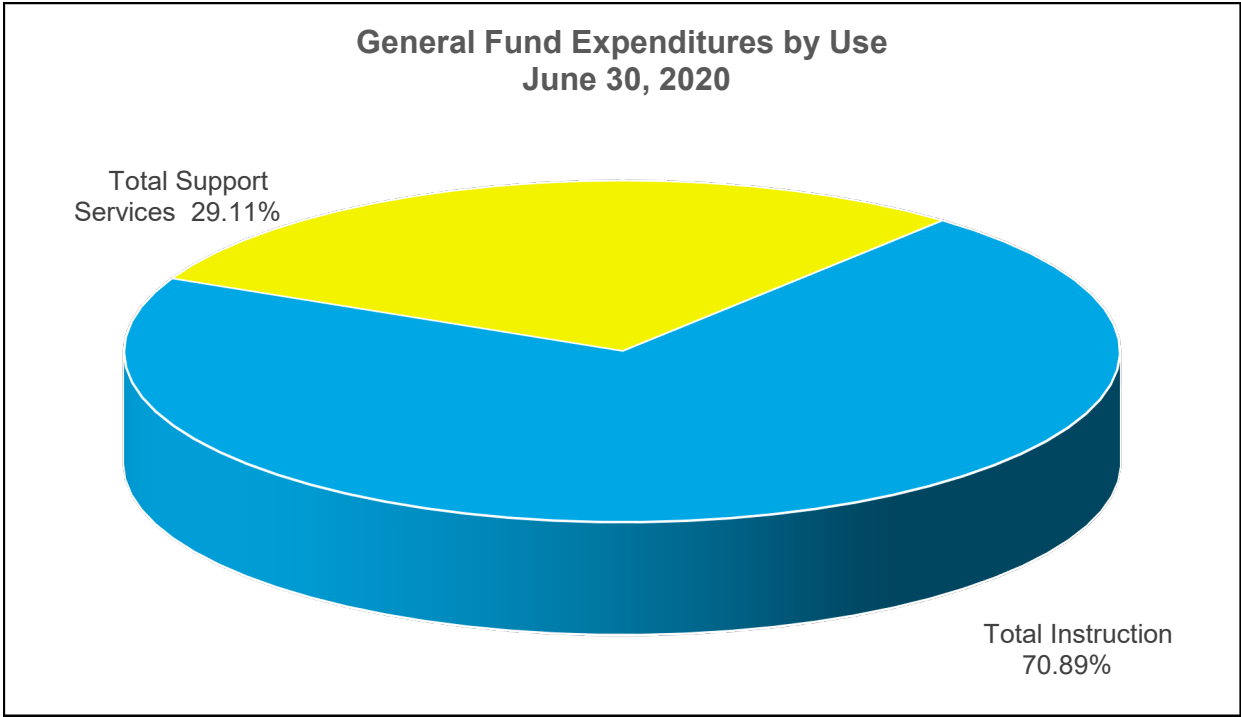
	Year Ended June 30, 2020	Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Instruction	\$ 115,075,848	\$ 111,462,112	\$ 3,613,736	3.24%
Support Services	47,261,064	47,032,083	228,981	.49%
<b>Total General Fund Expenditures</b>	<b>\$ 162,336,912</b>	<b>\$ 158,494,195</b>	<b>\$ 3,842,717</b>	<b>2.42%</b>

Total General Fund expenditures increased \$3,842,717 or 2.42% from the previous year. In the fiscal year 2020, 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 2020, General Fund revenues and other financing sources (uses) exceeded expenditures by \$1,121,811, resulting in a total fund balance of \$32,974,678, compared to a fund balance in 2019 of \$31,852,867.







**General Fund Budgetary Highlights**

During the year there was a \$2,048,752 increase in appropriations between the original and final revenue (and Other Financing Sources/ Uses) budget and a decrease of \$455,414 between the original and final expenditure budget. The actual revenue amount was less than the final budget by \$2,030,345. Most of this difference resulted from lower than projected Federal and State grant receipts. The actual expenditure amount was less than the final budget by \$3,428,498. The difference in expenditures from the final budget compared to actual was mainly from lower than expected instructional costs.

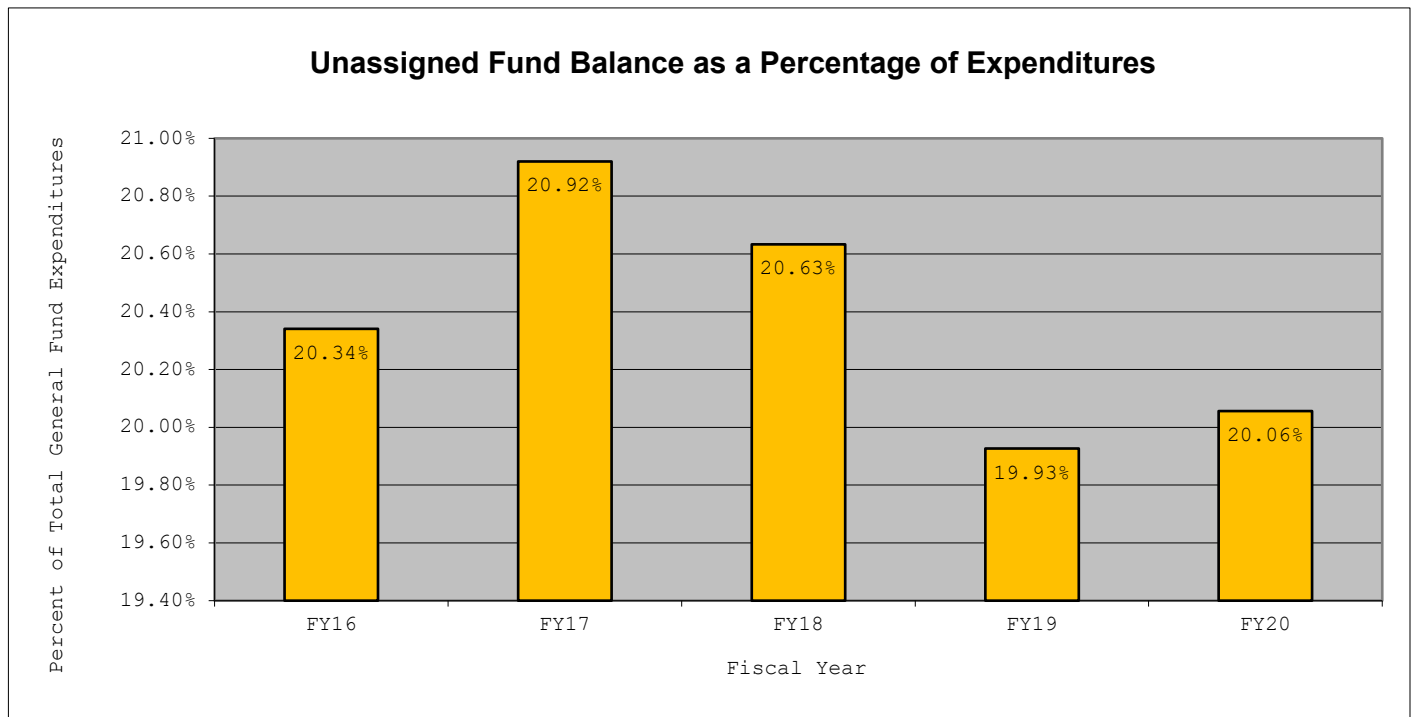
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 171,370,764	\$ 173,419,516	\$ 171,389,171	\$ (2,030,345)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures and Other Financing Uses	\$ 174,151,272	\$ 173,695,858	\$ 170,267,360	\$ 3,428,498

SUMMARY OF GENERAL FUND CHANGES  
LAST TEN FISCAL YEARS

School Year	Beginning Balance July 1	Revenues	Expenditures	Other Financing Uses and Transfers In	Ending Balance June 30
2010-2011	\$30,656,022	\$137,347,429	\$125,333,733	\$(7,551,010)	\$35,118,708
2011-2012	35,118,708	131,096,376	132,684,435	(6,817,884)	26,712,765
2012-2013	26,712,765	135,287,423	130,758,712	(4,821,426)	26,420,050
2013-2014	26,420,050	143,256,637	135,250,478	(6,197,781)	28,228,428
2014-2015	28,228,428	147,667,513	140,783,612	(6,136,488)	28,975,841
2015-2016	28,975,841	155,901,680	147,458,328	(7,233,839)	30,185,354
2016-2017	30,185,354	159,054,370	150,251,090	(7,340,357)	31,648,277
2017-2018	31,648,277	160,672,265	153,664,001	(6,720,263)	31,936,278
2018-2019	31,936,278	165,139,440	158,494,195	(6,728,656)	31,852,867
2019-2020	31,852,867	171,040,884	162,336,912	(7,582,161)	32,974,678

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 \$32,558,770 on June 30, 2020, represents 20.06% 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.

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 9	\$ 20	\$ (11)	(55.00) %

Total Debt Service Fund revenues decreased \$(11) or (55.00%) from the previous year. The reason for the decrease during the fiscal year 2020 was lower interest earned on bond funds.

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Principal	\$ 8,238,556	\$ 7,405,749	\$ 832,807	11.25%
Interest	3,016,899	3,127,129	(110,230)	(3.52)%
Payment to the Refunded Bond Escrow Agent	25,270,000	-	25,270,000	100.00%
Total Debt Service Expenditures	\$ 36,525,455	\$ 10,532,878	\$ 25,992,577	246.78%

Total Debt Service Fund expenditures increased \$25,992,577 or 246.78% from the previous year. In the fiscal year 2020, debt service expenditures increased due to normal debt retirement and the payoff of the 2014 Limited Tax bond.

**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, 2020	Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Revenues and Other Financing Sources	\$ 35,676,318	\$ 31,491,932	\$ 4,184,386	13.29%

Total Capital Projects Fund revenues (and Other Financing Sources/ Uses) increased \$4,184,386 or 13.29% from the previous year. The primary reason for the increase during the fiscal year 2020 was the sale of the \$18,475,000 2019 Limited Tax Refunding Bond.

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operations and Maintenance	\$ 1,003,000	\$ 2,350	\$ 1,000,650	42,580.85%
Capital Outlay	6,310,644	10,859,799	(4,549,155)	(41.89)%
Principal	95,010	406,240	(311,230)	(76.61)%
Interest	28,878	29,655	(777)	(2.62)%
Bond Costs	207,619	163,462	44,157	27.01%
Other Financing Uses	38,487,825	12,641,248	25,846,577	204.46%
Total Capital Projects Expenditures	\$ 46,132,976	\$ 24,102,754	\$ 22,030,222	91.40%

Total Capital Projects Fund expenditures increased \$22,030,222 or 91.40% from the previous year. In the fiscal year 2020, capital outlay expenditures increased because of the earnest money transferred for the purchase of a new district office building and the transfer of funds for the payoff of the 2014 Limited Tax bond.

### Capital Asset and Debt Administration

#### Capital Assets

As of June 30, 2020, the Fargo Public School District had \$217,519,919 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.

#### BOARD OF EDUCATION OF THE CITY OF FARGO CAPITAL ASSETS (NET OF DEPRECIATION)

	2020	2019
Land and Land Improvements	\$ 15,268,098	\$ 15,268,098
Buildings and Improvements	179,125,088	182,987,183
Equipment and Vehicles	4,267,472	3,910,142
Construction in Progress	18,859,261	12,548,616
Total Capital Assets	<u>\$217,519,919</u>	<u>\$214,714,039</u>

Construction in Progress increased with the ongoing construction at Discovery Middle School, security entrances at three of our elementary schools, and the beginning of construction on the Explorer Academy. Buildings and Improvements decreased due to depreciation. More detailed information about capital assets can be found in Note 5 to the financial statements.

#### Long-Term Liabilities

At the end of the current fiscal year, the district had \$259,710,749 in long-term liabilities. Of this amount, \$82,331,737 is long-term debt, \$5,780,701 of which is the current liability due within one year and consists of bonds payable and special assessments payable. The Fargo Public School District decreased its existing debt obligations by \$15,052,231. The key factor for this decrease is the payoff of the 2014 Limited Tax bond. More detailed information about the district's long-term liabilities is presented in Note 10 to the financial statements

BOARD OF EDUCATION OF THE CITY OF FARGO  
OUTSTANDING GENERAL LONG-TERM LIABILITIES

	2020	2019
<u>Long-Term Debt</u>		
General Obligation Bonds Payable	\$80,570,018	\$92,748,574
Special Assessments Payable	646,719	665,394
Building Authority Revenue Bonds Payable	<u>1,115,000</u>	<u>3,970,000</u>
Total Long-Term Debt	<u>82,331,737</u>	<u>97,383,968</u>
 <u>Long-Term Payroll Liabilities</u>		
Compensated Absences Payable	637,465	527,507
Sick Leave Longevity Payable	153,615	90,888
PTO Payable	455,888	442,838
Paid Leave System Payable	<u>3,725,402</u>	<u>3,803,547</u>
Total Long-Term Payroll Liabilities	<u>4,972,370</u>	<u>4,864,780</u>
 <u>Net Pension and OPEB Liability</u>	 <u>172,406,642</u>	 <u>179,143,574</u>
 Total	 <u>\$259,710,749</u>	 <u>\$281,392,322</u>

**Economic Factors and Next Year's Budget**

Fargo Public Schools considered many factors when setting the fiscal year 2020-2021 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 4.3% from the prior year. The local economy is strong, and the City of Fargo continues to grow in population. Public schools in North Dakota closed March 16, 2020 due to the coronavirus global pandemic. Significant work occurred during the summer of 2020 to ensure students would be able to return to school in varying levels of attendance in the fall. While demographic analysis of the district's student population displays growth of approximately 100 students for the upcoming year, the district will realize a 200-student decrease in the number of kindergarteners due to the pandemic. In North Dakota, kindergarten is not a compulsory grade.

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 2019 legislative session provided a 2% increase in the rate for 2020 and 2021, or \$9,839 and \$10,036, respectively. Federal revenues will increase due to additional funding received through the CARES Act.

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  
Patti Richards CPA  
415 4th Street North  
Fargo, North Dakota 58102

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



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# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statement of Net Position

June 30, 2020 (Summarized Comparative Totals 2019)

	Governmental Activities	
	2020	2019
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</u></b>		
Current Assets:		
Cash and Investments	\$ 51,738,839	\$ 66,244,759
Cash with Fiscal Agent	3	6,244,274
Accounts Receivable	137,101	42,400
Taxes Receivable	3,802,616	3,796,211
Intergovernmental Receivables	6,785,390	4,082,763
Due from County Treasurer	216,999	197,891
Inventories	721,085	372,766
Contracts Receivable	1,415,000	1,370,000
Interest Receivable	314,083	168,526
Total Current Assets	<u>65,131,116</u>	<u>82,519,590</u>
Non-Current Assets:		
Capital Assets (Not Being Depreciated)		
Land	15,268,098	15,268,098
Construction in Progress	18,859,261	12,548,617
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	179,125,088	182,987,182
Equipment and Vehicles	4,267,472	3,910,142
Capital Assets (Net)	<u>217,519,919</u>	<u>214,714,039</u>
Total Assets	<u>282,651,035</u>	<u>297,233,629</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>		
Pension and OPEB Items	32,340,986	34,482,379
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>314,992,021</u>	<u>331,716,008</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</u></b>		
Current Liabilities:		
Accounts Payable	792,936	2,657,516
Salaries and Benefits Payable	4,315,801	8,174,072
Due to Other Agencies	159,391	33,018
Contracts Payable	465,312	1,026,826
IBNR Claims	2,090,000	2,073,757
Interest Payable	999,271	1,229,999
Bond Premium (Net)	4,761,548	4,610,532
Unearned Revenue-(Good Faith Deposit)	-	180,850
Unearned Revenue-(Food Service Commodities)	133,811	19,821
Unearned Revenue-(Food Service Lunch Credits)	334,727	134,841
Total Current Liabilities	<u>14,052,797</u>	<u>20,141,232</u>
Long-Term Liabilities:		
Due Within One Year:		
Long-Term Debt	5,780,701	14,542,047
Long-Term Payroll Liabilities	2,472,231	-
Due After One Year:		
Long-Term Debt	76,551,036	82,841,921
Long-Term Payroll Liabilities	2,500,139	4,864,780
Net Pension and OPEB Liability	172,406,642	179,143,574
Total Long-Term Liabilities	<u>259,710,749</u>	<u>281,392,322</u>
Total Liabilities	<u>273,763,546</u>	<u>301,533,554</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>		
Pension and OPEB Items	22,524,192	10,065,028
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>296,287,738</u>	<u>311,598,582</u>
<b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	131,073,353	113,384,933
Restricted For:		
Capital Projects	11,861,356	14,851,937
Debt Service	3	6,244,274
Unrestricted	<u>(124,230,429)</u>	<u>(114,363,718)</u>
Total Net Position	<u>\$ 18,704,283</u>	<u>\$ 20,117,426</u>

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statement of Activities

June 30, 2020 (Summarized Comparative Totals 2019)

	2020				2019	
	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		
<u>Governmental Activities:</u>						
Instruction:						
Regular	\$ 82,480,926	\$ 617,938	\$ 7,883,195	\$ 22,000	\$ (73,957,793)	\$ (73,411,452)
Special Education	33,500,437	548,123	5,448,223	-	(27,504,091)	(26,093,758)
Vocational Education	6,686,938	251,612	1,261,454	-	(5,173,872)	(4,992,241)
Adult Education	1,087,476	-	244,000	-	(843,476)	(716,993)
Support Services:						
Pupil Services	5,791,352	213,337	-	-	(5,578,015)	(4,966,279)
Instructional Staff Services	5,474,206	-	-	-	(5,474,206)	(5,257,744)
General Administrative Services	3,825,675	-	-	-	(3,825,675)	(3,812,118)
School Administrative Services	11,532,962	-	-	-	(11,532,962)	(11,042,831)
Business Services	4,929,666	160,078	-	-	(4,769,588)	(4,642,165)
Operations and Maintenance	18,139,904	212,096	-	-	(17,927,808)	(17,085,598)
Pupil Transportation Services	2,476,412	-	1,112,422	-	(1,363,990)	(1,614,008)
Co-Curricular	5,827,392	633,236	134,598	936,500	(4,123,058)	(4,793,293)
Food Service	7,447,411	2,762,071	3,615,995	-	(1,069,345)	(122,476)
Community Services	96,642	-	-	-	(96,642)	(95,378)
Interest and other charges on Long-Term Debt	2,815,047	-	-	-	(2,815,047)	(3,359,553)
<b>Total Governmental Activities</b>	<b>\$ 192,112,446</b>	<b>\$ 5,398,491</b>	<b>\$ 19,699,887</b>	<b>\$ 958,500</b>	<b>\$ (166,055,568)</b>	<b>\$ (162,005,887)</b>
<u>General Revenues:</u>						
Taxes:						
Property Taxes; Levied for General Purposes					\$ 49,974,667	\$ 47,864,783
Property Taxes; Levied for Debt Service					11,067,970	10,173,665
Other Tax Revenue					2,039,627	2,312,399
State Aid not Restricted to Specific Program:						
Per Pupil Aid					99,467,809	98,557,816
Interest Income and Other Revenue					2,092,352	1,537,030
<b>Total General Revenues</b>					<b>164,642,425</b>	<b>160,445,693</b>
<b>Change in Net Position</b>					<b>(1,413,143)</b>	<b>(1,560,194)</b>
<b>Net Position - July 1</b>					<b>20,117,426</b>	<b>21,677,620</b>
<b>Net Position - June 30</b>					<b>\$ 18,704,283</b>	<b>\$ 20,117,426</b>

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Balance Sheet – Governmental Funds

June 30, 2020 (Summarized Comparative Totals 2019)

	MAJOR FUNDS			NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS		2020	2019
	<b>ASSETS</b>					
<u>Assets:</u>						
Cash and Investments	\$ 30,515,614	\$ -	\$ 12,285,117	\$ 2,478,370	\$ 45,279,101	\$ 58,452,495
Cash with Fiscal Agent	-	3	-	-	3	6,244,274
Interest Receivable	314,083	-	-	-	314,083	168,526
Accounts Receivable	136,497	-	-	604	137,101	42,254
Taxes Receivable	3,123,330	-	679,286	-	3,802,616	3,796,211
Intergovernmental Receivable	6,569,387	-	-	216,003	6,785,390	4,082,763
Due from County Treasurer	178,254	-	38,745	-	216,999	197,891
Contracts Receivable	1,115,000	-	-	300,000	1,415,000	1,370,000
Inventories	415,908	-	-	305,177	721,085	372,766
<b>Total Assets</b>	<b>42,368,073</b>	<b>3</b>	<b>13,003,148</b>	<b>3,300,154</b>	<b>58,671,378</b>	<b>74,727,180</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<u>Liabilities:</u>						
Accounts Payable	670,172	-	32,199	90,565	792,936	2,657,516
Salaries and Benefits Payable	4,290,497	-	-	20,364	4,310,861	8,171,455
Due to Other Agencies	159,391	-	-	-	159,391	33,018
Contracts Payable	35,005	-	430,307	-	465,312	1,026,826
Unearned Revenue-Good Faith Deposit	-	-	-	-	-	180,850
Unearned Revenue-Food Service Commodity Inventory	-	-	-	133,811	133,811	19,821
Unearned Revenue-Food Service Lunch Credits	-	-	-	334,727	334,727	134,841
<b>Total Liabilities</b>	<b>5,155,065</b>	<b>-</b>	<b>462,506</b>	<b>579,467</b>	<b>6,197,038</b>	<b>12,224,327</b>
<u>Deferred Inflows of Resources:</u>						
Uncollected Taxes Receivable	3,123,330	-	679,286	-	3,802,616	3,796,211
Uncollected Contracts Receivable	1,115,000	-	-	300,000	1,415,000	1,370,000
<b>Total Deferred Inflows of Resources</b>	<b>4,238,330</b>	<b>-</b>	<b>679,286</b>	<b>300,000</b>	<b>5,217,616</b>	<b>5,166,211</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>9,393,395</b>	<b>-</b>	<b>1,141,792</b>	<b>879,467</b>	<b>11,414,654</b>	<b>17,390,538</b>
<u>Fund Balances:</u>						
Nonspendable:						
Inventories	415,908	-	-	171,367	587,275	352,945
Restricted:						
Debt Service	-	3	-	-	3	6,244,274
Capital Projects	-	-	11,861,356	-	11,861,356	16,073,740
Committed:						
Special Revenue	-	-	-	2,249,320	2,249,320	3,083,991
Unassigned:	32,558,770	-	-	-	32,558,770	31,581,692
<b>Total Fund Balances</b>	<b>32,974,678</b>	<b>3</b>	<b>11,861,356</b>	<b>2,420,687</b>	<b>47,256,724</b>	<b>57,336,642</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 42,368,073</b>	<b>\$ 3</b>	<b>\$ 13,003,148</b>	<b>\$ 3,300,154</b>	<b>\$ 58,671,378</b>	<b>\$ 74,727,180</b>

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2020

**Total Fund balances for Governmental Funds** \$ 47,256,724

Total net position reported for government 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	\$ 306,275,058	
Less: Accumulated Depreciation	(88,755,139)	217,519,919

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as uncollected revenues in the funds.

3,802,616

Contracts receivable are amounts due from the park district which will be collected in future years. They are reported as uncollected revenue in the governmental funds.

1,415,000

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

Deferred Outflows derived from Pension and OPEB Items	\$ 32,340,986	
Deferred Inflows derived from Pension and OPEB Items	(22,524,192)	9,816,794

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. All liabilities, both current and long-term, are reported in the statement of net position.

Balances at fiscal year end are:

Long-Term Debt (Net)	\$ (87,093,285)	
Interest Payable	(999,271)	
Long-Term Payroll Liabilities	(4,972,370)	
Net Pension and OPEB Liability	(172,406,642)	(265,471,568)

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:

4,364,798

**Total Net Position of Governmental Activities** **\$ 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 Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
 For the Year Ended June 30, 2020 (Summarized Comparative Totals 2019)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds		
	General	Debt Service	Capital Projects		2020	2019	
<b>Revenues:</b>							
Local Sources	\$55,665,836	\$ 9	\$ 11,458,282	\$ 4,552,556	\$71,676,683	\$ 69,663,972	
State Sources	103,628,183	-	-	54,189	103,682,372	102,747,804	
Federal Sources	11,744,065	-	-	3,528,394	15,272,459	13,004,928	
Other Sources	2,800	-	-	-	2,800	12,872	
<b>Total Revenues</b>	<b>171,040,884</b>	<b>9</b>	<b>11,458,282</b>	<b>8,135,139</b>	<b>190,634,314</b>	<b>185,429,576</b>	
<b>Expenditures:</b>							
<b>Current:</b>							
<b>Instruction:</b>							
Regular	76,724,605	-	-	-	76,724,605	75,053,916	
Special Education	31,233,539	-	-	-	31,233,539	29,646,194	
Vocational Education	6,112,140	-	-	-	6,112,140	5,866,650	
Adult Education	1,005,564	-	-	-	1,005,564	895,352	
<b>Support Services:</b>							
Pupil Services	5,377,440	-	-	-	5,377,440	5,094,390	
Instructional Staff Services	5,091,269	-	-	-	5,091,269	4,942,728	
General Administration Services	2,780,230	-	-	-	2,780,230	3,010,838	
School Administration Services	10,918,187	-	-	-	10,918,187	10,282,923	
Business Services	4,540,771	-	-	-	4,540,771	4,582,477	
Operations and Maintenance	15,897,575	-	1,003,000	-	16,900,575	16,240,573	
Pupil Transportation Services	2,310,011	-	-	-	2,310,011	2,539,251	
Co-Curricular	255,425	-	-	6,570,837	6,826,262	6,784,513	
Food Service Outlays	-	-	-	6,867,497	6,867,497	6,814,682	
Community Services	90,156	-	-	-	90,156	89,801	
Capital Outlays	-	-	6,310,644	-	6,310,644	10,859,799	
<b>Debt Service:</b>							
Principal	-	8,238,556	95,010	-	8,333,566	7,811,989	
Interest	-	3,016,899	28,878	-	3,045,777	3,156,784	
Bond Costs	-	-	207,619	-	207,619	163,462	
<b>Total Expenditures</b>	<b>162,336,912</b>	<b>11,255,455</b>	<b>7,645,151</b>	<b>13,438,334</b>	<b>194,675,852</b>	<b>193,836,322</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>8,703,972</b>	<b>(11,255,446)</b>	<b>3,813,131</b>	<b>(5,303,195)</b>	<b>(4,041,538)</b>	<b>(8,406,746)</b>	
<b>Other Financing Sources (Uses):</b>							
Transfers In	345,000	36,525,449	5,000,000	4,892,824	46,763,273	20,084,663	
Transfers Out	(7,930,448)	-	(38,487,825)	(345,000)	(46,763,273)	(20,084,663)	
Debt Issuance	-	-	18,475,000	-	18,475,000	14,000,000	
Payment to the Refunded Bond Escrow Agent	-	(25,270,000)	-	-	(25,270,000)	-	
Refund of Prior Year's Expense	-	-	-	10,297	10,297	10,781	
Premium on the Sale of Bonds	-	-	743,036	-	743,036	1,719,394	
Sale of Capital Assets	3,287	-	-	-	3,287	25,040	
<b>Total Other Financing Sources (Uses)</b>	<b>(7,582,161)</b>	<b>11,255,449</b>	<b>(14,269,789)</b>	<b>4,558,121</b>	<b>(6,038,380)</b>	<b>15,755,215</b>	
<b>Net Change in Fund Balances</b>	<b>1,121,811</b>	<b>3</b>	<b>(10,456,658)</b>	<b>(745,074)</b>	<b>(10,079,918)</b>	<b>7,348,469</b>	
<b>Fund Balance - July 1</b>	<b>31,852,867</b>	<b>-</b>	<b>22,318,014</b>	<b>3,165,761</b>	<b>57,336,642</b>	<b>49,988,173</b>	
<b>Fund Balance - June 30</b>	<b>\$ 32,974,678</b>	<b>\$ 3</b>	<b>\$ 11,861,356</b>	<b>\$ 2,420,687</b>	<b>\$ 47,256,724</b>	<b>\$ 57,336,642</b>	

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2020

**Net Change in Fund Balances - Total Governmental Funds** \$ (10,079,918)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in 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.

Current Year Capital Outlay	\$	8,693,674	
Current Year Depreciation		(5,858,213)	
Loss on Disposal of Capital Assets		(29,581)	2,805,880

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

Net Increase in Compensated Absences	\$	(109,958)	
Net Increase in Sick Leave Longevity Payable		(62,727)	
Net Decrease in Paid Leave System Payable		78,145	
Net Increase in PTO Payable		(13,050)	
Net Decrease in Interest Payable		230,728	
Net Decrease in Special Assessments		18,675	141,813

Governmental funds report bond premiums when they are first issued. In government-wide statements these amounts are deferred and amortized in the statement of activities.

Bond Premium Amortization			(108,649)
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Governmental funds report bond discounts when they are first issued. In government-wide statements these amounts are deferred and amortized in the statement of activities.

Bond Discount Amortization			(42,367)
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Repayment of long-term debt is an expenditure in the governmental funds, but additional debt increased long-term liabilities in the statement of Net Position.

15,033,556

The Net Pension 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.

Decrease in Net Pension Liability	\$	6,736,932	
Decrease in Deferred Outflows of Resources		(2,141,393)	
Increase in Deferred Inflows of Resources		(12,459,164)	(7,863,625)

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 uncollected taxes and uncollected contracts receivable.

Increase in Uncollected Taxes Receivable	\$	6,405	
Decrease in Uncollected Contracts Receivable		45,000	51,405

An internal service fund is used by the district's management to charge the cost of medical insurance, workers' compensation and unemployment claims to individual funds.

The net revenue / loss of the internal service fund is reported with governmental activities. (1,351,238)

**Change in Net Position of Governmental Activities** \$ (1,413,143)

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

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

Statement of Net Position - Proprietary Fund  
 June 30, 2020 (Summarized Comparative Totals 2019)

	Internal Service Fund	
	2020	2019
<b>ASSETS</b>		
<u>Current Assets:</u>		
Cash and Investments	\$ 6,459,738	\$ 7,792,264
Accounts Receivable	-	146
Total Current Assets	<u>6,459,738</u>	<u>7,792,410</u>
<b>LIABILITIES</b>		
<u>Current Liabilities:</u>		
Salaries Payable	4,940	2,617
IBNR Claims	<u>2,090,000</u>	<u>2,073,757</u>
Total Current Liabilities	<u>2,094,940</u>	<u>2,076,374</u>
<b>NET POSITION</b>		
Restricted For:		
Patient Centered Outcomes Research Inst. (PCORI)	6,768	6,400
Unrestricted	<u>4,358,030</u>	<u>5,709,636</u>
Total Net Position	<u>\$ 4,364,798</u>	<u>\$ 5,716,036</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, 2020 (Summarized Comparative Totals 2019)

	Internal Service Fund	
	2020	2019
OPERATING REVENUES		
Contributions to Self-Insurance	\$ 20,475,409	\$ 19,704,535
Total Operating Revenues	20,475,409	19,704,535
OPERATING EXPENSES		
Health Insurance Claims	21,826,647	20,319,734
Total Operating Expenses	21,826,647	20,319,734
OPERATING INCOME (LOSS)	(1,351,238)	(615,199)
CHANGE IN NET POSITION	(1,351,238)	(615,199)
Total Net Position-July 1	5,716,036	6,331,235
Total Net Position-June 30	\$ 4,364,798	\$ 5,716,036

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, 2020 (Summarized Comparative Totals 2019)

	Internal Service Fund	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from User Charges	\$ 20,475,555	\$ 19,852,989
Payments for Health Insurance Claims	<u>(21,808,081)</u>	<u>(19,732,082)</u>
Net Cash Used/Provided by Operating Activities	<u>(1,332,526)</u>	<u>120,907</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u><u>(1,332,526)</u></u>	<u><u>120,907</u></u>
Cash and Cash Equivalents Beginning of Year	<u>7,792,264</u>	<u>7,671,357</u>
Cash and Cash Equivalents End of Year	<u><u>6,459,738</u></u>	<u><u>7,792,264</u></u>
<b>Reconciliation of Operating Income (Loss) to net Cash Provided By Operating Activities:</b>		
Operating Income (Loss)	(1,351,238)	(615,199)
Adjustments to reconcile operating income (loss) to net cash provided (Used) by operating activities:		
Changes in Assets and Liabilities:		
Decrease in Prepaid Expenses	-	148,600
Decrease in Accounts Receivable	146	(146)
Increase in Salaries Payable	2,323	(105)
Increase in IBNR Claims Payable	<u>16,243</u>	<u>587,757</u>
Net Cash Used/Provided by Operating Activities	<u><u>\$ (1,332,526)</u></u>	<u><u>\$ 120,907</u></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 Assets and Liabilities - Agency Funds  
June 30, 2020 (Summarized Comparative Totals 2019)

	<b>AGENCY FUNDS</b>	
	<b>STUDENT ACTIVITY FUND</b>	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,162,170	\$ 1,528,880
Due from Other Governmental Units	102,154	15,470
Accounts Receivable	188	128
Total Assets	<u>1,264,512</u>	<u>1,544,478</u>
<b>LIABILITIES</b>		
Accounts Payable	22,738	17,520
Due to Student Groups	1,241,774	1,523,193
Salaries and Benefits Payable	-	3,765
Total Liabilities	<u>\$ 1,264,512</u>	<u>\$ 1,544,478</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, 2020

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **A. 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.

#### **BLENDING 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.

#### **B. 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 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.

*Agency Funds.* This fund accounts for assets held by the school district in a custodial capacity as an agent on behalf of others. The school district's agency fund is used to account for various deposits of the student activity funds.

### **C. 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.

### **D. 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.

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.

**E. 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. Deposits must either be deposited with the Bank of North Dakota or in another financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In place of a bond, a financial institution may provide a pledge of securities equal to 110% of the uninsured balance. The bank balances of the district, as of the balance sheet date, are entirely insured or collateralized with securities held by the school system or its agent in the school system’s name.

Investments consist of certificates of deposit stated at cost and government securities for the building authority stated at fair value. Although all deposits of the district are categorized as Category 1, readers should be aware of the three categories of disclosure required for investments and deposits.

Category	Investments	Deposits
1	Insured or registered or securities held by the entity or its agent in the entity’s name.	Insured or collateralized, with securities held by the entity or by its agent in the entity’s name.
2	Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the entity’s name.	Collateralized, with securities held by the pledging financial institution’s trust department or agent in the entity’s name.
3	Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the entity’s name (this includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).	Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name).

**F. 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 \$133,811 was reported as unearned revenue on June 30, 2020

**G. 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.

**H. Capital Assets**

Capital assets, which include land and land improvements, buildings and improvements, vehicles and equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are measured at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially 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 of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings and improvements, and vehicles and equipment of the district are depreciated using the straight-line method over the following estimated useful lives.

<b>Assets</b>	<b>Years</b>
Permanent Buildings	50
Temporary or Wood Structures	10
Playground Equipment	20
Vehicles - New	15
Vehicles – Used*	
Includes: Generators	
Tractors	
Pallet Stackers	
Exception: Front-End Loaders	25
Copy Machines	6
Servers and Computer Hardware	5
Other Equipment	10
Food Service Equipment, Walk-in Freezers, Auto Scrubbers and Stage Tables	

\* Useful life on used vehicles is 15 years less (year of manufacture less year of purchase).

Land and Construction in Progress are not depreciated.

**I. Compensated Absences**

Vacation:

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

<b>SERVICE</b>	<b>HOURS PER BI-WEEKLY PAY PERIOD</b>	<b>DAYS PER YEAR</b>
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.

**J. 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.

**K. 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.

**L. 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.

**M. 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 \$32,558,770 on June 30, 2020, represents 20.06% of annual general fund expenditures.

***GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions***

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

CLASSIFICATION	DEFINITION	EXAMPLES
Non-spendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, permanent principal of endowment funds.
Restricted	The fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose, and revenues restricted by enabling legislation.
<i>Committed</i>	<i>A committed fund balance includes amounts that can only be used for specific purposes according to constraints imposed by formal action of the government's highest level of decision-making authority, the School District Board of Directors. Formal action is required to be taken to establish, modify, or rescind a fund balance commitment.</i>	<i>By board action, construction, claims, and judgments, retirements of loans and notes payable, capital expenditures, and self-insurance.</i>
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes but are under the direction of the business manager.	By business manager action, construction, claims, and judgments, retirements of loans and notes payable, capital expenditures, and self-insurance.



Unassigned	<p>The unassigned fund balance is the residual classification for the General Fund. This is a fund balance that has not been reported in any other classification.</p> <p>(a) The General Fund is the only fund that can report a positive unassigned fund balance.</p> <p>(b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes</p>	Available for any remaining General fund expenditure.
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**N. Net Position:**

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

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

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

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

**O. 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: DEPOSITS AND INVESTMENTS**

**Deposits:**

Following North Dakota Statutes, the Fargo Public School District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. Instead 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, 2020, the Fargo Public School District's carrying amount of all deposits, (less investments of \$10,000,000 and \$1,698 in petty cash held at the schools), was \$42,899,310 and the bank balances were \$49,383,413. Of the bank balances, \$42,536,350 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.

Additional information on deposits is in Note 1E.

**Investments:**

As of June 30, 2020, the school district had the following investments and maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Rate</b>	<b>Maturity</b>
18 Month CD-Bremer Bank	\$ 5,000,000	2.62%	111 Days
15 Month CD-Bremer Bank	\$ 5,000,000	2.58%	19 Days
<b>Total</b>	<b>\$ 10,000,000</b>		

The interest receivable reported is the amount of interest that has been earned, but which has not yet been received in cash, on the certificates of deposit with Bremer Bank.

**Cash with Fiscal Agent:**

The amount of \$3 reported in the financial statements at June 30, 2020, consists of interest earned on debt proceeds that were placed in an irrevocable trust with US Bank to refund the 2033 maturity and a portion of the 2032 maturity of the Series 2014 limited tax bond on August 1, 2019, the bond's redemption date. These remaining funds will be applied to the bond principal when payment is due.

**Interest Rate Risk:**

The school district does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates.

**Credit Risk:**

State statutes authorize the school district to invest in:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.
- (4) Obligations of the state.
- (5) Certificates of deposit fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate reciprocal deposit placement service as determined by the commissioner of financial institutions.

As of June 30, 2020, the school district had certificates of deposits totaling \$10,000,000.

**The Concentration of Credit Risk:**

The school district does not have a limit on the amount the district may invest in any one issuer.

**NOTE 3: 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 15<sup>th</sup> due date, the bill becomes delinquent and penalties are assessed.

**NOTE 4: PREPAID EXPENSES**

The district occasionally prepays health, dental, and vision insurance premiums based on the timing of our payroll. On June 30, 2020, no prepaid expenses had been paid.

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2020.

	<b>Balance July 1, 2019</b>	<b>Additions / Transfers</b>	<b>Deletions / Transfers</b>	<b>Balance June 30, 2020</b>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 15,268,098	\$ -	\$ -	\$ 15,268,098
Construction in Progress	12,548,617	7,585,151	1,274,507	18,859,261
Total capital assets not depreciated	27,816,715	7,585,151	1,274,507	34,127,359
<i>Capital assets, being depreciated:</i>				
Buildings and Improvements	258,861,109	1,301,607	-	260,162,716
Vehicles and Equipment	10,987,873	1,081,423	84,313	11,984,983
Total capital assets, being depreciated	269,848,982	2,383,030	84,313	272,147,699
Less accumulated Depreciation for:				
Buildings and Improvements	75,873,927	5,163,701	-	81,037,628
Vehicles and Equipment	7,077,731	694,512	54,732	7,717,511
Total accumulated Depreciation	82,951,658	5,858,213	54,732	88,755,139
Total capital assets being depreciated, net	186,897,324	-3,475,183	29,581	183,392,560
Governmental activities capital assets, net	\$ 214,714,039	\$ 4,109,968	\$ 1,304,088	\$ 217,519,919

Donated assets are categorized using the valuation techniques shown below that determine their value using the three fair value hierarchical levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, we will measure its value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Although all donated capital assets of the district are categorized as Level 1, readers should be aware of the three categories of disclosure required for the fair value hierarchy.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

#### NOTE 6: BOND PREMIUM

The following is a summary of changes in bond premiums for the year ended June 30, 2020.

	Balance July 1	Addition	Bond Premium Amortization	Balance June 30
2012 24.615M Limited Tax Bond	\$ 269,982	\$ -	\$ 67,495	\$ 202,487
2015 9.835M Limited Tax Rfdg Bond	109,483	-	12,880	96,603
2015(B) 9.750M Limited Tax Rfdg Bond	103,191	-	13,759	89,432
2016(A) 9.160M Limited Tax Bond	292,377	-	16,707	275,670
2016(B) 14.310M Limited Tax Rfdg Bond	1,721,213	-	312,948	1,408,265
2017 8.795M Limited Tax Rfdg Bond	480,244	-	96,049	384,195
2018 14.00M Limited Tax Bond	1,676,409	-	85,970	1,590,439
2019 18.475M Limited Tax Rfdg Bond	-	743,036	28,579	714,457
Net Premium Discount	\$ 4,652,899	\$ 743,036	\$ 634,387	\$ 4,761,548

#### NOTE 7: BOND DISCOUNT

The following is a summary of the change in the bond discount for the year ended June 30, 2020.

	Balance July 1	Bond Discount Amortization	Balance June 30
2014B (26.97M) Limited Tax Bond	\$ 42,367	\$ 42,367	\$ -
Net Bond Discount	42,367	42,367	-

A net amount for depreciation and amortization was charged to functions/programs of the school district as follows:

<b>Governmental Activities:</b>	<b>Depreciation</b>	<b>Bond Premiums</b>	<b>Bond Discounts</b>	<b>Totals</b>
<i>Regular Instruction</i>	\$ 2,328,061	\$ (275,335)	\$ 18,388	\$ 2,071,114
<i>Special Education</i>	913,879	(112,085)	7,485	809,279
<i>Vocational Education</i>	178,536	(21,934)	1,465	158,067
<i>Adult Education</i>	29,373	(3,609)	241	26,005
<i>Pupil Services</i>	157,075	(19,297)	1,289	139,067
<i>Instructional Staff Services</i>	148,716	(18,271)	1,220	131,665
<i>General Administrative Services</i>	81,211	(9,977)	666	71,900
<i>School Administrative Services</i>	375,556	(39,181)	2,617	338,992
<i>Business Services</i>	182,771	(16,295)	1,088	167,564
<i>Operations and Maintenance</i>	723,324	(60,647)	4,050	666,727
<i>Pupil Transportation Services</i>	67,476	(8,290)	554	59,740
<i>Co-Curricular</i>	326,054	(24,497)	1,636	303,193
<i>Food Services</i>	343,548	(24,645)	1,646	320,549
<i>Community Services</i>	2,633	(324)	22	2,331
<b>Total Depreciation / Amortization</b>	<b>\$ 5,858,213</b>	<b>\$ (634,387)</b>	<b>\$ 42,367</b>	<b>\$ 5,266,193</b>

#### 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:

	For the Years Ending June 30th					
	2021	2022	2023	2024	2025	TOTAL
American Gold Gymnastics	\$ 25,107	\$ 25,824	\$ 26,561	\$ 27,319	\$28,099	\$ 132,910
YMCA	1,449	-	-	-	-	1,449
Fargo Public Schools Credit Union	714	-	-	-	-	714
SEEC (Southeast Education Cooperation)	26,400	27,600	28,800	30,000	31,200	144,000
SENDCAA Head Start	7,200	8,400	9,600	10,800	-	36,000
City of Fargo Recycling	5,100	-	-	-	-	5,100
702 Communications	6,000	6,000	6,000	1,000	-	19,000
Mark Hiatt – Farm Land	5,320	-	-	-	-	5,320
The Resurrection Church	36,400	-	-	-	-	36,400
<b>TOTAL</b>	<b>\$113,690</b>	<b>\$ 67,824</b>	<b>\$ 70,961</b>	<b>\$ 69,119</b>	<b>\$59,299</b>	<b>\$ 380,893</b>

**NOTE 9: LEASES PAYABLE**

**Operating Leases** – To alleviate parking problems for our employees, the Fargo Public School leases from The Fargo Housing and Redevelopment Authority, twenty parking spaces next to our district office. Also, Riverwood Park is being leased from the Fargo Park District for playing fields for football practices and non-varsity football games. Total costs for all leases were \$14,123 for the year ended June 30, 2020. The future minimum lease payments are as follows:

Year Ending June 30	Fargo Park District for Riverwood Park	Fargo Housing Authority for Parking	Total
2021	\$ 323	\$ 2,600	\$ 2,923
2022	323	-	323
2023	323	-	323
2024	324	-	324
2025	324	-	324
2026-2027	432	-	432
<b>TOTAL</b>	<b>\$ 2,049</b>	<b>\$ 2,600</b>	<b>\$ 4,649</b>

**NOTE 10: LONG-TERM LIABILITIES**

The Fargo Public School District issued the \$18,475,000 Limited Tax School Building Refunding Bonds, Series 2019, dated July 10, 2019, to effect a current refunding of the 2020-2032 maturities of the District's Limited Tax School Building Bonds, Series 2014. The effective true interest cost of 2.509326% resulted in a net present value savings (net gain) of 1,595,506 and a cash flow savings of 1,858,512. The present value savings are 2.3118837% of the refunded debt service.

The Fargo Public School District's current bond rating by Moody's is Aa2 based on the District's participation in the North Dakota School District Credit Enhancement Program.

**Prior year defeasance of debt**

In prior years, the school district defeased limited tax bonds by placing the proceeds of advanced refunded bonds in an irrevocable trust with U.S. Bank to generate resources for all future debt service payments on the old bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2020, only the remaining interest earned of \$3 remains in trust.

### **Changes in Long-Term Liabilities**

The liability for Compensated absences, Sick leave longevity payable, PTO payable, and Paid-leave system payable are generally liquidated by the General Fund and Food Service Funds. Bonds and Special Assessments are paid out of the Debt Service Fund.

During the year ended June 30, 2020, the following changes occurred in liabilities reported in long-term debt.

	<b>Payable July 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Payable June 30</b>	<b>Due Within One Year</b>
Long-Term Debt					
Limited Tax Bonds Payable	\$ 92,748,574	\$18,475,000	\$30,653,556	\$ 80,570,018	\$ 5,491,392
Special Assessments	665,394	-	18,675	646,719	19,309
Building Authority Rev Bonds	3,970,000	-	2,855,000	1,115,000	270,000
<b>Total Long-Term Debt</b>	<b>\$ 97,383,968</b>	<b>\$18,475,000</b>	<b>\$ 33,527,231</b>	<b>\$ 82,331,737</b>	<b>\$ 5,780,701</b>
Long-Term Payroll Liabilities					
Compensated Absences	\$ 527,507	\$ 748,744	\$ 638,786	\$ 637,465	\$ 543,821
Sick Leave Longevity Payable	90,888	255,204	192,477	153,615	115,858
PTO Payable	442,838	132,967	119,917	455,888	136,121
Paid Leave System Payable	3,803,547	1,547,059	1,625,204	3,725,402	1,676,431
<b>Total Long-Term Payroll Liabilities</b>	<b>\$ 4,864,780</b>	<b>\$ 2,683,974</b>	<b>\$ 2,576,384</b>	<b>\$ 4,972,370</b>	<b>\$ 2,472,231</b>
Net Pension and OPEB Liability	\$179,143,574	\$11,922,471	\$ 18,659,403	\$172,406,642	-
<b>Total Long-Term Liabilities</b>	<b>\$281,392,322</b>	<b>\$33,082,425</b>	<b>\$51,175,110</b>	<b>\$259,710,749</b>	<b>\$ 8,252,932</b>

Debt payable at June 30, 2020, is comprised of the following individual issues:

#### **Bonds Payable:**

\$ 24,615,000 Limited Tax Refunding Bonds, Series 2012, Refunding Series 2004(B) Bonds, due in annual installments of \$1,265,000 to \$2,965,000 through May of 2023; Interest at 2.00% to 2.25%	\$ 7,085,000
\$ 9,835,000 Limited Tax Refunding Bond, Series 2015, Refunding Series 2007 Bonds, due in annual installments of \$3,990,000 to \$4,845,000 through August 2027; interest at 2.5%	\$ 8,835,000
\$ 9,750,000 Limited Tax Refunding Bond, Series 2015(B), effecting a crossover refunding of Limited Tax Bond Series 2008, due in annual installments of \$1,900,000 to \$5,595,000 through August 2026; interest at 2.0%	\$ 9,750,000
\$ 6,000,000 State School Construction Bond, Series 2015(C), effecting an Advance refunding of selected maturities of the 2014 Bonds, due in annual installments of \$286,392 to \$329,200 through June 2035; interest at 1.0%	\$ 4,610,018
\$ 9,160,000 Limited Tax Bond, Series 2016(A), for the renovation and expansion of the Eagles Elementary School, due in annual installments of \$380,000 to \$600,000 through August 2036; interest at 2.0% to 4.0%	\$ 8,085,000
\$ 14,310,000 Limited Tax Refunding Bonds, Series 2016(B), Refunding the remainder of the Series 2008 Bonds, due in annual installments of \$1,370,000 to \$3,185,000 through August of 2024; Interest at 5.00%	\$ 10,160,000

\$ 14,000,000 Limited Tax Bond, Series 2018, for the renovation, remodeling and construction to improve and equip Discovery Middle School, due in annual installments of \$450,000 to \$1,030,000 through August of 2038; Interest at 4.0% to 5.0%	\$ 13,570,000
\$ 18,475,000 Limited Tax Refunding Bond, Series 2019, for the purpose of effecting a current refunding of the 2020-2032 maturities of the Series 2014 Limited Tax Bonds, due in annual installments of \$150,000 to \$4,030,000 through August of 2032; Interest at 2.4% to 3.0%	\$ 18,475,000
<b>Total Bonds Payable</b>	<b><u>\$ 80,570,018</u></b>

**Building Authority Revenue Bonds:**

\$8,795,000 Lease Revenue Refunding Bonds, Series 2017, Refunding the remainder of the Series 2009 and 2009(B) Bonds, due in annual installments of \$270,000 to \$290,000 through May of 2024; Interest at 3.0%.	\$ 1,115,000
<b>Total Building Authority Revenue Bonds</b>	<b><u>\$ 1,115,000</u></b>

**Special Assessments:**

Special Assessments Payable represents special assessments levied by the city of Fargo, ND against the school district for the district's share of the benefit derived from city-funded improvements. The special assessments payable is due in annual installments of \$19,309 to \$45,548 through 2041; with interest at 4.34%.	\$ 646,719
<b>Total Long-Term Debt</b>	<b><u>\$ 82,331,737</u></b>

The annual long-term debt service requirements on June 30, 2020, are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>								
Year Ending June 30	Limited Tax Bonds		Building Authority Bonds		Special Assessments		Total Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 5,491,392	\$ 2,457,128	\$ 270,000	\$ 33,450	\$ 19,309	\$ 28,244	\$ 5,780,701	\$ 2,518,822
2022	5,659,256	2,293,014	275,000	25,350	20,164	27,389	5,954,420	2,345,753
2023	4,017,148	2,124,396	280,000	17,100	21,057	26,496	4,318,205	2,167,992
2024	4,570,070	1,940,012	290,000	8,700	21,989	25,564	4,882,059	1,974,276
2025	6,343,020	1,722,637	-	-	22,963	24,590	6,365,983	1,747,227
2026-2030	30,825,405	5,930,041	-	-	130,994	106,772	30,956,399	6,036,813
2031-2035	18,588,727	2,067,178	-	-	162,675	75,090	18,751,402	2,142,268
2036-2040	5,075,000	354,575	-	-	202,020	35,746	5,277,020	390,321
2041	-	-	-	-	45,548	2,005	45,548	2,005
<b>TOTALS</b>	<b>\$ 80,570,018</b>	<b>\$ 18,888,981</b>	<b>\$ 1,115,000</b>	<b>\$ 84,600</b>	<b>\$ 646,719</b>	<b>\$ 351,896</b>	<b>\$ 82,331,737</b>	<b>\$ 19,325,477</b>

Accrued interest payable on the long-term debt, as of June 30, 2020, is \$999,271

**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 a 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 70 ½. 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**

On June 30, 2020, the Fargo Public Schools reported a liability of \$142,711,077 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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. On June 30, 2019, the

district's proportion was 10.36200801%, which was a decrease of .05805721% from its proportion measured as of June 30, 2018.

Fargo Public Schools Proportionate Share of the Net Pension Liability		
YEAR	Proportionate Share of Net Pension Liability	Increase / Decrease from Prior Year Proportionate Share of Net Pension Liability
2019	10.36200801%	(.05805721%)
2018	10.42006522%	.00910287%
2017	10.41096235%	(.21570798%)
2016	10.62667033%	(.01231967%)
2015	10.63899000%	(.25531600%)
2014	10.89430600%	

For the year ended June 30, 2020, the district recognized a net pension expense of \$14,573,069. On June 30, 2020, 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	\$ 203,774	\$ 5,150,496
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,008,820	-
Changes of Assumptions	5,072,192	-
Changes in the District's Proportion and Differences Between District Contributions and Proportionate Share of Contributions	82,341	3,057,164
District Contributions to the Pension Plan Subsequent to the Measurement Date	9,720,625	-
TOTAL	\$ 17,087,752	\$ 8,207,660

\$9,720,625, 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, 2021.

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

2021	\$ 2,469,900
2022	(917,148)
2023	(923,811)
2024	(161,693)
2025	(852,446)
Thereafter	\$ (455,335)

### **Actuarial Assumptions**

The total pension liability on July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment Rate of Return	7.75%, net of investment expenses
Cost-Of-Living Adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2019 funding actuarial valuation for TFFR.

As a result of the April 30, 2015, actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

- 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.

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 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58%	6.90%
Global Fixed Income	23%	2.10%
Global Real Assets	18%	5.40%
Cash Equivalents	1%	.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2019. 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, 2019, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund the 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, 2019. 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, 2019.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate.**

The following presents the district's proportionate share of the net pension liability, calculated using the discount rate of 7.75%, as well as what the 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

District's Proportionate Share of the Net Pension Liability by Date	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
June 30, 2019	\$192,732,757	\$142,711,077	\$101,141,781
June 30, 2018	\$187,534,539	\$138,884,706	\$ 98,423,160
June 30, 2017	\$190,117,378	\$142,997,249	\$103,771,162
June 30, 2016	\$201,937,663	\$155,686,944	\$117,164,463
June 30, 2015	\$183,883,502	\$139,142,582	\$101,829,600
June 30, 2014 (At 7%, 8% and 9%)	\$154,127,748	\$114,153,013	\$80,533,097

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report, located in the North Dakota Retirement and Investments Office's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Additional financial and actuarial information is available on their website, [www.nd.gov/rio/sib/publications/cafr/default.htm](http://www.nd.gov/rio/sib/publications/cafr/default.htm), or may be obtained by writing to ND Retirement and Investment Office, 3442 East Century Avenue, PO Box 7100, Bismarck, North Dakota, 58507-7100 or by calling (701) 328-9885.

**General Information about the NDPERS Pension Plan**

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

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to the North Dakota Century Code (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 provision or policies for automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint, and survivor, term-certain annuity, or partial lump sum with an 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, lifetime 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 before the date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

**Refunds of Member Account Balance**

Upon termination, if a member of the 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 re-employed, 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 contributions 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**

On June 30, 2020, the Board of Education of the City of Fargo reported a liability of \$27,912,540 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019, 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 Main System pension plan relative to the covered payroll of all participating Main System employers. On June 30, 2019, the district's proportion was 2.381469 percent, which is an increase of .096047 percent from its proportion measured as of June 30, 2018.

Fargo Public Schools Proportionate Share of the Net Pension Liability

YEAR	Proportionate Share of Net Pension Liability	Increase / Decrease from Prior Year Proportionate Share of Net Pension Liability
2019	2.381469%	.096047%
2018	2.285422%	.093102%
2017	2.192320%	.082038%
2016	2.110282%	(.038053%)
2015	2.148335%	(.163576%)
2014	2.311911%	

For the year ended June 30, 2020, the District recognized a net pension expense of \$5,371,913. On June 30, 2020, 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	\$ 16,528	\$ 5,065,593
Changes of Assumptions or other Inputs	10,430,182	8,955,215
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	486,304	-
Changes in the District's Proportion and Differences Between District Contributions and Proportionate Share of Contributions	1,768,059	239,410
District Contributions to the Pension Plan Subsequent to the Measurement Date of the Net Pension Liability	1,897,960	-
<b>TOTAL</b>	<b>\$ 14,599,033</b>	<b>\$ 14,260,218</b>

\$1,897,960, 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, 2021.

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

2021	\$ 1,221,600
2022	787,011
2023	(555,422)
2024	(2,271,616)
2025	(740,718)
Thereafter	\$ -

**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	2.50%
Salary Increases:	
Service at Beginning of Year:	Increase Rate:
0	15.00%
1	10.00%
2	8.00%
Age*	
Under 30	10.00%
30-39	7.50%
40-49	6.75%
50-59	6.50%
60+	5.25%
* Age-based salary increase rates apply for employees with three or more years of service.	
Investment Rate of Return	7.50%, net of investment expenses
Cost-Of-Living Adjustments	None

For active members, inactive members, and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost Scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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 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%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
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 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 periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%, and the resulting Single Discount Rate is 7.50%.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate.**

The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

District's Proportionate Share of the Net Pension Liability by Date	Net Pension Liability at Discount Rate 1% Lower (6.50%)	Net Pension Liability Under Current Discount Rate (7.50%)	Net Pension Liability at Discount Rate 1% Higher (8.50%)
June 30, 2019	\$40,020,574	\$27,912,540	\$17,739,675
District's Proportionate Share of the Net Pension Liability by Date	Net Pension Liability at Discount Rate 1% Lower (5.32%)	Net Pension Liability Under Current Discount Rate (6.32%)	Net Pension Liability at Discount Rate 1% Higher (7.32%)
June 30, 2018	\$52,408,086	\$38,568,989	\$27,020,709
District's Proportionate Share of the Net Pension Liability by Date Fiscal Year 2017	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
June 30, 2017	\$47,836,361	\$35,237,777	\$24,756,281
District's Proportionate Share of the Net Pension Liability by Date Fiscal Years 2015-2016	1% Decrease (7.00%)	Current Discount Rate (8%)	1% Increase (9.00%)
June 30, 2016	\$29,173,545	\$20,566,755	\$13,315,088
June 30, 2015	\$22,401,114	\$14,608,311	\$ 8,232,390

\*Complete data for this schedule is not available prior to 2015.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued NDPERS financial report. It is in the North Dakota Public Employees Retirement System Comprehensive Annual Financial report for the fiscal year ended June 30, 2019. The supporting actuarial information is included on June 30, 2019, GASB Statements No. 67 and 68 *Accounting and Financial Reporting for Pensions* actuarial valuation for each retirement plan. Additional financial and actuarial information is available on their website, [www.nd.gov/ndpers](http://www.nd.gov/ndpers), or may be obtained by contacting the agency at North Dakota Public Employees Retirement System, 400 E Broadway Ave Suite 505, P.O. Box 1657, Bismarck, ND, 58502-1657 or by calling (701) 328-3900.

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (OPEB)-NDPERS**

**General Information about the OPEB Plan**

**North Dakota Public Employees Retirement System OPEB Plan**



The following brief description of NDPERS OPEB plan 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 Public Employees Retirement System (PERS), the Highway Patrol Retirement System (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 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 concerning 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 select coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

On June 30, 2020, the Board of Education of the City of Fargo reported a liability of \$1,783,025 for its proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The district's proportion of the net OPEB liability was based on the district's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. On June 30, 2019, the district's proportion was 2.219936 percent which was an increase of .074243 percent from its proportion measured as of June 30, 2018.

Fargo Public Schools Proportionate Share of the Net OPEB Liability
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YEAR	Proportionate Share of Net OPEB Liability	Increase / Decrease from Prior Year Proportionate Share of Net OPEB Liability
2019	2.219936%	.074243%
2018	2.145693%	.076983%
2017	2.068710%	-

\*Complete data for this schedule is not available prior to 2017

For the year ended June 30, 2020, the District recognized OPEB expense of \$257,771. On June 30, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	\$ 44,032	\$ 55,700
Changes of Assumptions or other Inputs	212,506	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,986	-
Changes in the District's Proportion and Differences Between District Contributions and Proportionate Share of Contributions	91,790	614
District Contributions to the OPEB Plan Subsequent to the Measurement Date of the Net OPEB Liability	303,887	-
TOTAL	\$ 654,201	\$ 56,314

\$303,887, reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

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

2021	\$ 48,113
2022	64,712
2023	61,666
2024	43,051
2025	24,076
Thereafter	\$ 4,269

### **Actuarial Assumptions**

The total OPEB liability on July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not Applicable
Investment Rate of Return	7.25%, net of investment expenses
Cost-Of-Living Adjustments	None

For active members, inactive members, and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the Retiree Health Insurance Credit (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 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small-Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 7.25%. 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 district contributions that are intended to fund the benefits of current RHIC members and their beneficiaries are included. Projected district 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 enough 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 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, 2019, calculated using the discount rate of 7.25%, 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate.

District's Proportionate Share of the Net OPEB Liability by Date	Net OPEB Liability at Discount Rate 1% Lower (6.25%)	Net OPEB Liability Under Current Discount Rate (7.25%)	Net OPEB Liability at Discount Rate 1% Higher (8.25%)
June 30, 2019	\$2,275,793	\$1,783,025	\$1,361,213
June 30, 2018 (At 6.5%, 7.5% and 8.5%)	\$2,138,102	\$1,689,879	\$1,305,636
June 30, 2017 (At 6.5%, 7.5% and 8.5%)	\$2,048,539	\$1,636,372	\$1,283,072

### **OPEB Plan Fiduciary Net Position**

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB amounts by Employer (including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements) is located in the North Dakota Public Employees Retirement System Comprehensive Annual Financial report for the fiscal year ended June 30, 2019. The supporting actuarial information is included on June 30, 2019, GASB Statements No. 74 and 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* actuarial valuation for each retirement plan. The additional financial and actuarial information is available on their website, [www.nd.gov/ndpers](http://www.nd.gov/ndpers), or may be obtained by contacting the agency at North Dakota Public Employees Retirement System, 400 E Broadway Ave Suite 505, P.O. Box 1657, Bismarck, ND, 58502-1657 or by calling (701) 328-3900.

### **Aggregation of Pension Plans**

Governmental Accounting Standards Board Statement (GASBS) 68 requires an aggregate amount of all pension liabilities, assets, expense, and deferred outflows of resources and deferred inflows of resources related to pensions if two or more cost-sharing multiple-employer defined benefit pension plans are used. Since the Board of Education participates in three cost-sharing multiple-employer defined benefit pension plans, Teachers' Fund for Retirement (TFFR), North Dakota Public Employees Retirement System (NDPERS), and Other Post-Employment Benefits – NDPERS (OPEB) the following aggregate schedules will be presented:

**NET PENSION LIABILITY (ASSET)**

	TFFR	NDPERS	OPEB	TOTAL
Net Pension Liability	\$142,711,077	\$27,912,540	\$1,783,025	\$172,406,642

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

	TFFR		NDPERS		OPEB		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience in the Measurement of the Total Liability	\$ 203,774	\$ 5,150,496	\$ 16,528	\$5,065,593	\$ 44,032	\$ 55,700	\$ 264,334	\$10,271,789
Changes of Assumptions or other Inputs	5,072,192	-	10,430,182	8,955,215	212,506	-	\$15,714,880	8,955,215
Net Difference Between Projected and Actual Earnings on Plan Investments	2,008,820	-	486,304	-	1,986	-	2,497,110	-
Changes in the District's Proportion and Differences Between District Contributions and Proportionate Share of Contributions	82,341	3,057,164	1,768,059	239,410	91,790	614	1,942,190	3,297,188
District Contributions to the Plans Subsequent to the Measurement Date of the Net Liability	9,720,625	-	1,897,960	-	303,887	-	\$11,922,472	-
<b>TOTAL</b>	<b>\$17,087,752</b>	<b>\$ 8,207,660</b>	<b>\$14,599,033</b>	<b>\$14,260,218</b>	<b>\$ 654,201</b>	<b>\$ 56,314</b>	<b>\$32,340,986</b>	<b>\$22,524,192</b>

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

	<b>TFFR</b>	<b>NDPERS</b>	<b>OPEB</b>	<b>TOTAL</b>
2021	\$ 2,469,900	\$ 1,221,600	\$ 48,113	\$ 3,739,613
2022	(917,148)	787,011	64,712	( 65,425)
2023	(923,811)	(555,422)	61,666	(1,417,567)
2024	(161,693)	(2,271,616)	43,051	(2,390,258)
2025	(852,446)	(740,718)	24,076	(1,569,088)
Thereafter	\$ (455,335)	\$ -	\$ 4,269	\$ (451,066)

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

**EARLY RETIREMENT AGREEMENT**

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

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

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

1. At 15 years of service, assuming all eligibility criteria have been met, the employee will receive 80% of this payment.
2. For each subsequent year, the payment will increase by 2% through the 25<sup>th</sup> year of service, at which time the employee will receive 100% of this payment.
3. All payments for those with 15 years of service and beyond will be \$50.00 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, 2020, the school district had 33 employees who received this benefit at a cost to the school district of \$ 318,638.

**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 (NDRF), 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 NDRF for its general liability, automobile insurance coverage, and inland marine. The coverage by NDRF 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 \$1,356,519. Computerized business equipment \$4,167,944. Buildings are limited at \$424,024,165, personal property at \$47,659,526 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:

	Year Ended 6/30/20	Year Ended 6/30/19
Unpaid Claims July 1	\$ 2,073,757	\$ 1,486,000
Incurred Claims Including IBNR's	16,812,814	15,530,938
Less: Claims Paid	16,796,571	14,943,181
Unpaid Claims June 30	\$ 2,090,000	\$ 2,073,757

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

#### NOTE 16: CONSTRUCTION COMMITMENTS

The school district had eight construction projects remaining as of June 30, 2020. Discovery middle school is adding on and remodeling. Lincoln, Clara Barton, and Longfellow schools are adding security entrances for the safety of all our students and employees. Longfellow Elementary is renovating a portion of the school for the early childhood special education department. Agassiz is in the process of tucking pointing and doing required sewer repairs and Lewis and Clark elementary is starting a large project that we are calling the Explorer Academy.

At year-end the district's commitments with contractors were as follows:

Project	Contract	Completed	Retainage	Commitment
Discovery Addition & Renovation	\$ 14,020,796	\$ 13,877,373	\$ 277,613	\$ 421,036
Lincoln Security Entrances	970,477	906,712	645	64,410
Clara Barton Security Entrances	1,838,623	1,556,302	60,018	342,339
Longfellow Security Entrances	1,304,000	1,252,763	60,413	111,650
Longfellow ECSE Renovation	885,666	319,947	31,617	597,336
North Gym Floor Replacement	250,751	192,385	19,848	78,214
Agassiz Tuck Pointing	154,846	141,697	14,850	27,999
Lewis and Clark Explorer Academy (Setting D)	11,817,866	515,855	-	11,302,011

Agassiz Sewer Project	242,963	200,655	308	42,616
<b>TOTALS</b>	<b>\$ 31,485,988</b>	<b>\$18,963,689</b>	<b>\$ 465,312</b>	<b>\$ 12,987,611</b>

**NOTE 17: TRANSFERS**

The following is a reconciliation between transfers in and transfers out as reported in the financial statements for the year ended June 30, 2020:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Explanation</b>
Major Funds			
General Fund	\$ 345,000	\$ 7,930,448	To finance programs in other funds and eliminate deficits
Debt Service	36,525,449	-	Bond principal & interest transfers
Capital Projects Fund	5,000,000	38,487,825	Bond principal & interest transfers
Nonmajor Funds			
Student Activities	4,866,503	-	Eliminate deficits
Food Service	26,321	345,000	Reimburse expenses paid by General Fund
<b>Total Transfers</b>	<b>\$46,763,273</b>	<b>\$ 46,763,273</b>	

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.

**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**

Cass County and certain political subdivisions within the county can negotiate property tax abatement agreements with individuals and various commercial entities/businesses. Cass County and the political subdivisions within have the following types of tax abatement agreements with various individuals and commercial entities on December 31, 2019.

The school district will state individually the parties who received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

**New and Expanding Business:**

Primarily industrial businesses, commercial, retail, or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40.57.1-03) and the guidelines stated below.

The following criteria are only guidelines.

General criteria — The governing body of the city or county may grant a partial or complete exemption from ad valorem taxation on all buildings, structure, 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. The governing body 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. As a result of agreements made by the County and City, the school district had a reduction in taxes as noted.

2019 Reduction in Taxes – Due to Agreements with Other Entities:

Total program reduction in taxes – \$578,703

**Public Charity Exemption:**

Public Charities are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(8)) and the guidelines stated below. The following criteria are only guidelines.

All buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax-exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of a said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner.

Exemption criteria:

Property exempt if the qualified facility is used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit.

As a result of agreements made by the County and City, the school district had a reduction in taxes as noted.

2019 Reduction in Taxes – Due to Agreements with Other Entities:

Total program reduction in taxes – \$3,045,223

**Single Family Residence:**

Single Family property owners are eligible for property tax incentives for the specified property that meet state requirements (NDCC 57-02-08(35)). General Criteria -- 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 if all the following conditions are met:

- a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.
- b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

As a result of agreements made by the County and City, the school district had a reduction in taxes as noted.

2019 Reduction in Taxes – Due to Agreements with Other Entities:

Total program reduction in taxes – \$303,307

**Childhood Service Exemption:**

A governing body may grant a property tax exemption for the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under NDCC 50-11.1 or used primarily as an adult daycare center. (NDCC 57-02-08(36)).

This exemption is not available for property used as a residence.

As a result of agreements made by the County and City, the school district had a reduction in taxes as noted.

2019 Reduction in Taxes – Due to Agreements with Other Entities:



Total program reduction in taxes – \$67,718

**Commercial and Residential:**

Commercial and Residential property is eligible for property tax incentives if they meet state requirements (NDCC 57-05.2-03) and the guidelines stated below. The following criteria are only guidelines.

Under NDCC 57-02.2-03 improvements to commercial and residential buildings and structures as defined in this chapter may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements, if the exemption is approved by the governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits. The governing body of the city or county may limit or impose conditions upon exemptions under this section, including limitations on the time during which an exemption is allowed. A resolution adopted by the governing body of the city or county under this section may be rescinded or amended at any time. The exemption provided by this chapter shall apply only to that part of the valuation resulting from the improvements which are over and above the assessed valuation, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. Any person, corporation, limited liability company, association, or organization owning real property and seeking an exemption under this chapter shall file with the assessor a certificate setting out the facts upon which the claim for exemption is based. The assessor shall determine whether the improvements qualify for the exemption based on the resolution of the governing body of the city or county and if the assessor determines that the exemption should apply, upon approval of the governing body, the exemption is valid for the prescribed period and shall not terminate upon the sale or exchange of the property but shall be transferable to subsequent owners. If the certificate is not filed as herein provided, the assessor shall regard the improvements as nonexempt and shall assess them as such.

As a result of agreements made by the County and City, the school district had a reduction in taxes as noted.

2019 Reduction in Taxes – Due to Agreements with Other Entities:

Total program reduction in taxes – \$95,923

**Renaissance Zone:**

Commercial and Residential property is eligible for property tax incentives if they meet state requirements (NDCC 40-63) and the guidelines stated below. The following criteria are only guidelines.

The Renaissance Zone program is to revitalize communities in our state and encourage development through tax incentives. It is a tool to help cities revitalize their communities. By offering both state and local tax incentives for 5 years, both residents and business owners are provided with an incentive to invest in the community. The program is unique in that cities develop handcrafted development plans that address each city's specific goals.

The size of the zone is dependent upon the size of the city applying for the Renaissance Zone. For communities with a population under 5000, a Renaissance Zone may consist of an area of up to contiguous 34 blocks. For communities of more than five thousand population, the defined area may exceed 34 blocks up to a maximum of 49 blocks, based on one additional block for each additional five thousand in population.

The Renaissance Zone must have both residential and commercial properties. Several activities qualify as a project including:

- Purchase
- Rehabilitation
- Purchase (New Construction)
- Purchase with Major Improvements
- Historical
- Lease
- Leasehold Improvements
- Public Utility Infrastructure

As a result of agreements made by the County and City, the school district had a reduction in taxes as noted.

2019 Reduction in Taxes – Due to Agreements with Other Entities:

Total program reduction in taxes – \$263,419

**NOTE 20: SUBSEQUENT EVENT DISCLOSURE**

On September 15, 2020, the Board of Education of the City of Fargo issued \$11,205,000 of Limited Tax School Building Fund bonds, Series 2020, for the construction of the Explorer Academy at Lewis & Clark elementary school. The interest rate on the bonds range from 2.0% to 5.0% and the maturity date is August 1, 2040.

**SECTION II - B**

**REQUIRED SUPPLEMENTARY INFORMATION**



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# BOARD OF EDUCATION OF THE CITY OF FARGO

## Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2020 (Summarized Comparative Totals 2019)

	Budgeted Amounts		2020 Actual Amounts	Variance with	2019
	Original	Final		Final Amended Budget	
<b>Revenues:</b>					
Property Taxes	\$ 52,070,500	\$ 52,070,500	\$ 51,921,668	\$ (148,832)	\$ 49,182,353
Other Local Sources	3,435,739	3,614,353	3,744,168	129,815	3,532,806
State Sources	103,698,544	103,483,213	103,628,183	144,970	102,695,246
Federal Sources	11,795,981	13,881,450	11,744,065	(2,137,385)	9,716,163
Other Sources	-	-	2,800	2,800	12,872
<b>Total Revenues</b>	<b>171,000,764</b>	<b>173,049,516</b>	<b>171,040,884</b>	<b>(2,008,632)</b>	<b>165,139,440</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Regular	80,742,586	79,998,160	76,724,605	3,273,555	75,053,916
Special Education	30,685,280	31,233,419	31,233,539	(120)	29,646,194
Vocational Education	6,106,879	6,177,221	6,112,140	65,081	5,866,650
Adult Education	928,396	1,036,131	1,005,564	30,567	895,352
<b>Total Instruction</b>	<b>118,463,141</b>	<b>118,444,931</b>	<b>115,075,848</b>	<b>3,369,083</b>	<b>111,462,112</b>
<b>Support Services:</b>					
Pupil Services	5,319,243	5,371,143	5,377,440	(6,297)	5,094,390
Instructional Staff Services	5,268,782	5,333,146	5,091,269	241,877	4,942,728
General Administration Services	2,891,369	2,859,999	2,780,230	79,769	3,010,838
School Administration Services	10,577,927	10,514,224	10,918,187	(403,963)	10,282,923
Business Services	4,958,133	4,632,157	4,540,771	91,386	4,582,477
Operations and Maintenance	16,116,807	15,986,790	15,897,575	89,215	16,238,223
Pupil Transportations Services	2,691,599	2,691,901	2,310,011	381,890	2,539,251
Co-Curricular	258,101	255,397	255,425	(28)	251,452
Community Services	90,000	90,000	90,156	(156)	89,801
<b>Total Support Services</b>	<b>48,171,961</b>	<b>47,734,757</b>	<b>47,261,064</b>	<b>473,693</b>	<b>47,032,083</b>
<b>Total Expenditures</b>	<b>166,635,102</b>	<b>166,179,688</b>	<b>162,336,912</b>	<b>3,842,776</b>	<b>158,494,195</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>4,365,662</b>	<b>6,869,828</b>	<b>8,703,972</b>	<b>1,834,144</b>	<b>6,645,245</b>
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	20,000	20,000	3,287	(16,713)	14,759
Transfers In	350,000	350,000	345,000	(5,000)	350,000
Transfers Out	(7,516,170)	(7,516,170)	(7,930,448)	(414,278)	(7,093,415)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,146,170)</b>	<b>(7,146,170)</b>	<b>(7,582,161)</b>	<b>(435,991)</b>	<b>(6,728,656)</b>
<b>Net Change in Fund Balances</b>	<b>(2,780,508)</b>	<b>(276,342)</b>	<b>1,121,811</b>	<b>1,398,153</b>	<b>(83,411)</b>
<b>Fund Balance - July 1</b>	<b>31,852,867</b>	<b>31,852,867</b>	<b>31,852,867</b>	<b>-</b>	<b>31,936,278</b>
<b>Fund Balance - June 30</b>	<b>\$ 29,072,359</b>	<b>\$ 31,576,525</b>	<b>\$ 32,974,678</b>	<b>\$ 1,398,153</b>	<b>\$ 31,852,867</b>

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

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

	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll (Prior Year)	District's 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
2020	10.36200801%	\$ 142,711,077	\$ 70,836,581	201.47%	65.50%
2019	10.42006522%	\$ 138,884,706	\$ 70,842,224	196.05%	65.50%
2018	10.41096235%	\$ 142,997,249	\$ 70,271,012	203.49%	63.20%
2017	10.62667033%	\$ 155,686,944	\$ 69,044,120	225.49%	59.20%
2016	10.63899000%	\$ 139,142,582	\$ 65,440,942	212.62%	62.10%
2015	10.89430600%	\$ 114,153,013	\$ 63,192,777	180.64%	66.60%

\*Complete data for this schedule is not available prior to 2015.

\*\* The measurement date of the net pension liability is June 30<sup>th</sup> of the prior year.

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

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	District's covered-employee payroll	Actual Contributions as a percentage of covered-employee payroll
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%

\*Complete data for this schedule is not available prior to 2014.

Changes of Assumptions

Amounts reported in 2016 and later 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

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

	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll (Prior Year)	District's 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
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%

\*Complete data for this schedule is not available prior to 2015.

\*\* The measurement date of the net pension liability is June 30<sup>th</sup> of the prior year.

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

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	District's covered-employee payroll	Actual Contributions as a percentage of covered-employee payroll
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%

\*Complete data for this schedule is not available prior to 2015.

Changes of Assumptions

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

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

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

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

	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll (Prior Year)	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
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%

\*Complete data for this schedule is not available prior to 2017.

\*\* The measurement date of the net pension liability is June 30<sup>th</sup> of the prior year.

Schedule of Employer Contributions of Net OPEB Liability  
ND Public Employees Retirement System  
Last 10 Fiscal Years

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	District's covered-employee payroll	Actual Contributions as a percentage of covered-employee payroll
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	1.16%

\*Complete data for this schedule is not available prior to 2017.

Changes of Assumptions

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

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

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



## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### NOTE 1: CHANGES OF BENEFIT TERMS FOR ND PUBLIC RETIREMENT SYSTEM (NDPERS)

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

### NOTE 2: CHANGES OF BENEFIT TERMS FOR ND PUBLIC RETIREMENT SYSTEM (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, 2018.

### NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### Budgetary Information:

The Board of Education 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 fifteenth day of August of each year.
- The taxes levied must be certified to the county auditor by August twenty-fifth. 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 57-15-31.1.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the business manager at the revenue and expenditure function/object level.
- 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.
- All appropriations lapse at year-end.

**NOTE 4: LEGAL COMPLIANCE – BUDGETS**

**BUDGET AMENDMENTS**

The school board amended the school district budget for 2020 as follows:

<b>REVENUES &amp; TRANSFERS IN</b>			
	Original Budget	Amendment	Final Amended Budget
General Fund	\$ 171,370,764	\$ 2,048,752	\$ 173,419,516

<b>EXPENDITURES &amp; TRANSFERS OUT</b>			
	Original Budget	Amendment	Final Amended Budget
General Fund	\$ 174,151,272	\$ (455,414)	\$ 173,695,858

**NOTE 5: SCHEDULE OF EMPLOYER 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 tread is compiled, the school district will present information for those years for which information is available.

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**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, 2020 (Summarized Comparative Totals 2019)

	Budgeted Amounts		2020 Actual	Variance with	2019
	Original	Final		Final Amended Budget	
<u>Revenues:</u>					
Local Sources	\$ 40	\$ 40	\$ 9	\$ (31)	\$ 20
Total Revenues	40	40	9	(31)	20
<u>Expenditures:</u>					
Debt Service:					
Principal	8,238,556	8,238,556	8,238,556	-	7,405,749
Interest and Service Charges	3,020,479	3,020,479	3,016,899	3,580	3,127,129
Total Expenditures	11,259,035	11,259,035	11,255,455	3,580	10,532,878
Excess of Revenues Over (Under) Expenditures	(11,258,995)	(11,258,995)	(11,255,446)	3,549	(10,532,858)
<u>Other Financing Sources (Uses):</u>					
Payment to Bond Escrow Agent	(25,270,000)	(25,270,000)	(25,270,000)	-	-
Transfers In	36,528,995	36,528,995	36,525,449	(3,546)	10,532,838
Total Other Financing Sources (Uses)	11,258,995	11,258,995	11,255,449	(3,546)	10,532,838
Net Change in Fund Balances	-	-	3	\$ 3	(20)
Fund Balance - July 1	-	-	-	-	20
Fund Balance - June 30	\$ -	\$ -	\$ 3	\$ 3	\$ -

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Budgetary Comparison Schedule - Capital Projects Fund

For the Year Ended June 30, 2020 (Summarized Comparative Totals 2019)

	Budgeted Amounts		2020 Actual	Variance with	2019
	Original	Final		Final Amended Budget	
<u>Revenues:</u>					
Local Sources	\$ 11,463,320	\$ 11,463,320	\$ 11,458,282	\$ (5,038)	\$ 10,719,612
Total Revenues	11,463,320	11,463,320	11,458,282	(5,038)	10,719,612
<u>Expenditures:</u>					
Operations and Maintenance	6,000	1,006,000	1,003,000	3,000	2,350
Capital Outlay	5,838,583	7,406,015	6,310,644	1,095,371	10,859,799
<u>Debt Service:</u>					
Principal	400,000	400,000	95,010	304,990	406,240
Interest	30,000	30,000	28,878	1,122	29,655
Bond Costs	200,000	200,000	207,619	(7,619)	163,462
Total Expenditures	6,474,583	9,042,015	7,645,151	1,396,864	11,461,506
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	4,988,737	2,421,305	3,813,131	1,391,826	(741,894)
<u>Other Financing Sources (Uses):</u>					
Debt Issuance	18,475,000	18,475,000	18,475,000	-	14,000,000
Premium on the Sale of Bonds	745,000	745,000	743,036	(1,964)	1,719,394
Transfers In	5,000,000	5,000,000	5,000,000	-	5,052,926
Transfers Out	(38,487,825)	(38,487,825)	(38,487,825)	-	(12,641,248)
Total Other Financing Sources (Uses)	(14,267,825)	(14,267,825)	(14,269,789)	(1,964)	8,131,072
Net Change in Fund Balances	(9,279,088)	(11,846,520)	(10,456,658)	1,389,862	7,389,178
Fund Balance - July 1	22,318,014	22,318,014	22,318,014	-	14,928,836
Fund Balance - June 30	\$ 13,038,926	\$ 10,471,494	\$ 11,861,356	\$ 1,389,862	\$ 22,318,014

## **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, 2020 (Summarized Comparative Totals 2019)

	Food Service	Student Activities	2020	Total 2019
<u>Revenues:</u>				
Local Sources	\$ 2,848,222	\$ 1,704,334	\$ 4,552,556	\$ 6,229,181
State Sources	54,189	-	54,189	52,558
Federal Sources	3,528,394	-	3,528,394	3,288,765
Total Revenues	<u>6,430,805</u>	<u>1,704,334</u>	<u>8,135,139</u>	<u>9,570,504</u>
<u>Expenditures:</u>				
Current:				
Food Service Outlays	6,867,497	-	6,867,497	6,814,682
Co-Curricular	-	6,570,837	6,570,837	6,533,061
Total Expenditures	<u>6,867,497</u>	<u>6,570,837</u>	<u>13,438,334</u>	<u>13,347,743</u>
Excess of Revenues Over (Under) Expenditures	<u>(436,692)</u>	<u>(4,866,503)</u>	<u>(5,303,195)</u>	<u>(3,777,239)</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets	-	-	-	10,281
Refund of Prior Year's Expense	10,297	-	10,297	10,781
Transfers In	26,321	4,866,503	4,892,824	4,148,899
Transfers Out	(345,000)	-	(345,000)	(350,000)
Total Other Financing Sources (Uses)	<u>(308,382)</u>	<u>4,866,503</u>	<u>4,558,121</u>	<u>3,819,961</u>
Net Change in Fund Balances	<u>(745,074)</u>	<u>-</u>	<u>(745,074)</u>	<u>42,722</u>
Fund Balance - July 1	<u>3,165,761</u>	<u>-</u>	<u>3,165,761</u>	<u>3,123,039</u>
Fund Balance - June 30	<u>\$ 2,420,687</u>	<u>\$ -</u>	<u>\$ 2,420,687</u>	<u>\$ 3,165,761</u>

# BOARD OF EDUCATION OF THE CITY OF FARGO

Budgetary Comparison Schedule - Food Service Fund

For the Year Ended June 30, 2020 (Summarized Comparative Totals 2019)

	Budgeted Amounts		2020 Actual	Variance with	2019
	Original	Final		Final Amended Budget	
<u>Revenues:</u>					
Local Sources	\$ 3,827,460	\$ 3,827,460	\$ 2,848,222	\$ (979,238)	\$ 3,808,159
State Sources	50,000	50,000	54,189	4,189	52,558
Federal Sources	3,371,350	3,371,350	3,528,394	157,044	3,288,765
Total Revenues	<u>7,248,810</u>	<u>7,248,810</u>	<u>6,430,805</u>	<u>(818,005)</u>	<u>7,149,482</u>
<u>Expenditures:</u>					
Current:					
School Food Services	7,113,720	7,118,720	6,867,497	251,223	6,814,682
Total Expenditures	<u>7,113,720</u>	<u>7,118,720</u>	<u>6,867,497</u>	<u>251,223</u>	<u>6,814,682</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>135,090</u>	<u>130,090</u>	<u>(436,692)</u>	<u>(566,782)</u>	<u>334,800</u>
<u>Other Financing Sources (Uses):</u>					
Sale of Capital Assets	1,500	1,500	-	(1,500)	10,281
Refund of Prior Year's Expense	-	-	10,297	10,297	10,781
Transfers In	25,000	25,000	26,321	1,321	36,860
Transfers Out	(350,000)	(345,000)	(345,000)	-	(350,000)
Total Other Financing Sources (Uses)	<u>(323,500)</u>	<u>(318,500)</u>	<u>(308,382)</u>	<u>10,118</u>	<u>(292,078)</u>
Net Change in Fund Balances	<u>(188,410)</u>	<u>(188,410)</u>	<u>(745,074)</u>	<u>(556,664)</u>	<u>42,722</u>
Fund Balance - July 1	<u>3,165,761</u>	<u>3,165,761</u>	<u>3,165,761</u>	<u>-</u>	<u>3,123,039</u>
Fund Balance - June 30	<u>\$ 2,977,351</u>	<u>\$ 2,977,351</u>	<u>\$ 2,420,687</u>	<u>\$ (556,664)</u>	<u>\$ 3,165,761</u>

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

Budgetary Comparison Schedule - Student Activities Fund

For the Year Ended June 30, 2020 (Summarized Comparative Totals 2019)

	Budgeted Amounts		2020 Actual	Variance with	2019
	Original	Final		Final Amended Budget	
<u>Revenues:</u>					
Local Sources	\$2,248,100	\$2,488,958	\$ 1,704,334	\$ (784,624)	\$ 2,421,022
Total Revenues	2,248,100	2,488,958	1,704,334	(784,624)	2,421,022
<u>Expenditures:</u>					
Current:					
Co-Curricular	6,698,883	6,938,958	6,570,837	368,121	6,533,061
Total Expenditures	6,698,883	6,938,958	6,570,837	368,121	6,533,061
Excess (Deficiency) of Revenues					
Over Expenditures	(4,450,783)	(4,450,000)	(4,866,503)	(416,503)	(4,112,039)
<u>Other Financing Sources (Uses):</u>					
Transfers In	4,450,000	4,450,000	4,866,503	416,503	4,112,039
Total Other Financing Sources (Uses)	4,450,000	4,450,000	4,866,503	416,503	4,112,039
Net Change in Fund Balances	(783)	-	-	-	-
Fund Balance - July 1	-	-	-	-	-
Fund Balance - June 30	\$ (783)	\$ -	\$ -	\$ -	\$ -

# BOARD OF EDUCATION OF THE CITY OF FARGO

Comparative Balance Sheet - General Fund  
June 30, 2020, and 2019

	GENERAL FUND	
	2020	2019
<b>ASSETS</b>		
<u>Assets:</u>		
Cash and Investments	\$ 30,515,614	\$ 37,788,891
Interest Receivable	314,083	168,526
Accounts Receivable	136,497	41,370
Taxes Receivable	3,123,330	3,122,621
Intergovernmental Receivable	6,569,387	4,082,763
Due from County Treasurer	178,254	162,782
Inventories	415,908	271,175
Contracts Receivable	1,115,000	1,370,000
<b>Total Assets</b>	<b>42,368,073</b>	<b>47,008,128</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<u>Liabilities:</u>		
Accounts Payable	670,172	2,419,900
Salaries and Benefits Payable	4,290,497	8,152,488
Due to Other Agencies	159,391	33,018
Contracts Payable	35,005	57,234
<b>Total Liabilities</b>	<b>5,155,065</b>	<b>10,662,640</b>
<u>Deferred Inflows of Resources:</u>		
Uncollected Contracts Receivable	1,115,000	1,370,000
Uncollected Taxes Receivable	3,123,330	3,122,621
<b>Total Deferred Inflows of Resources</b>	<b>4,238,330</b>	<b>4,492,621</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>9,393,395</b>	<b>15,155,261</b>
<u>Fund Balances:</u>		
Nonspendable:		
Inventories	415,908	271,175
Unassigned:	32,558,770	31,581,692
<b>Total Fund Balances</b>	<b>32,974,678</b>	<b>31,852,867</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 42,368,073</b>	<b>\$ 47,008,128</b>

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

Comparative Balance Sheet - Debt Service Fund  
 June 30, 2020, and 2019

	DEBT SERVICE FUND	
	2020	2019
<b>ASSETS</b>		
<u>Assets:</u>		
Cash with Fiscal Agent	\$ 3	\$ -
Total Assets	3	-
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<u>Liabilities:</u>		
Total Liabilities	-	-
<u>Deferred Inflows of Resources:</u>		
Total Deferred Inflows of Resources	-	-
<u>Fund Balances:</u>		
Restricted:		
Debt Service	3	-
Total Fund Balances	3	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3	\$ -

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

Comparative Balance Sheet - Capital Project Fund  
 June 30, 2020, and 2019

	CAPITAL PROJECTS FUND	
	2020	2019
<b>ASSETS</b>		
<u>Assets:</u>		
Cash and Investments	\$ 12,285,117	\$ 17,284,194
Cash with Fiscal Agent	-	6,244,274
Taxes Receivable	679,286	673,590
Due from County Treasurer	38,745	35,109
 Total Assets	 13,003,148	 24,237,167
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<u>Liabilities:</u>		
Accounts Payable	32,199	95,121
Contracts Payable	430,307	969,592
Unearned Revenue-Good Faith Deposit	-	180,850
 Total Liabilities	 462,506	 1,245,563
 <u>Deferred Inflows of Resources:</u>		
Uncollected Taxes Receivable	679,286	673,590
 Total Deferred Inflows of Resources	 679,286	 673,590
 Total Liabilities and Deferred Inflows of Resources:	 1,141,792	 1,919,153
 <u>Fund Balances:</u>		
Restricted:		
Debt Service	-	6,244,274
Capital Projects	11,861,356	16,073,740
 Total Fund Balances	 11,861,356	 22,318,014
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 13,003,148	 \$ 24,237,167

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

Combining Balance Sheet - Nonmajor Special Revenue Funds  
 June 30, 2020, and 2019

	Food Service	Student Activities	TOTAL 2020	TOTAL 2019
<b>ASSETS</b>				
<u>Assets:</u>				
Cash and Investments	\$ 2,443,243	\$ 35,127	\$ 2,478,370	\$ 3,379,410
<u>Receivables:</u>				
Accounts	504	100	604	884
Intergovernmental	216,003	-	216,003	-
Contracts	-	300,000	300,000	-
Inventories	305,177	-	305,177	101,591
<b>Total Assets</b>	<b>2,964,927</b>	<b>335,227</b>	<b>3,300,154</b>	<b>3,481,885</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<u>Liabilities:</u>				
Accounts Payable	55,338	35,227	90,565	142,495
Salaries and Benefits Payable	20,364	-	20,364	18,967
Unearned Revenue Food Service Commodity Inventory	133,811	-	133,811	19,821
Unearned Revenue Food Service Lunch Credits	334,727	-	334,727	134,841
<b>Total Liabilities</b>	<b>544,240</b>	<b>35,227</b>	<b>579,467</b>	<b>316,124</b>
<u>Deferred Inflows of Resources:</u>				
Uncollected Contracts Receivable	-	300,000	300,000	-
<b>Total Liabilities and Deferred Inflows of Resources:</b>	<b>544,240</b>	<b>335,227</b>	<b>879,467</b>	<b>316,124</b>
<u>Fund Balances:</u>				
Nonspendable:				
Inventories	171,367	-	171,367	81,770
Committed:				
Food Service	2,249,320	-	2,249,320	3,083,991
<b>Total Fund Balances</b>	<b>2,420,687</b>	<b>-</b>	<b>2,420,687</b>	<b>3,165,761</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,964,927</b>	<b>\$ 335,227</b>	<b>\$ 3,300,154</b>	<b>\$ 3,481,885</b>

**BOARD OF EDUCATION OF THE CITY OF FARGO**Statement of Changes in Fiduciary Assets and Liabilities  
For the Year Ended June 30, 2020

	Beginning Balance July 1, 2019	Additions	Deductions	Ending Balance June 30, 2020
<b><u>STUDENT ACTIVITY FUNDS</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 1,528,880	\$ 2,152,624	\$ 2,519,334	\$ 1,162,170
Due from Other Governmental Units	15,470	102,154	15,470	102,154
Accounts Receivable	128	776,246	776,186	188
	<u>1,544,478</u>	<u>3,031,024</u>	<u>3,310,990</u>	<u>1,264,512</u>
Total Assets	<u>1,544,478</u>	<u>3,031,024</u>	<u>3,310,990</u>	<u>1,264,512</u>
<b>Liabilities</b>				
Accounts Payable	17,520	1,298,484	1,293,266	22,738
Due to Student Groups	1,523,193	878,307	1,159,726	1,241,774
Salaries and Benefits Payable	3,765	2,155	5,920	-
	<u>1,544,478</u>	<u>2,178,946</u>	<u>2,458,912</u>	<u>1,264,512</u>
Total Liabilities	<u>\$ 1,544,478</u>	<u>\$ 2,178,946</u>	<u>\$ 2,458,912</u>	<u>\$ 1,264,512</u>



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

Schedule of Fund Activity  
For the Year Ended June 30, 2020

	Balance 7/1/2019	Revenue	Transfers In	Other Financing Sources/Uses	Transfers Out	Expenditures	Balance 6/30/2020
(10) General Fund	\$ 31,852,867	\$ 171,040,884	\$ 345,000	\$ 3,287	\$ 7,930,448	\$ 162,336,912	\$ 32,974,678
Special Revenue Funds:							
(50) Food Service	3,165,761	6,430,805	26,321	10,297	345,000	6,867,497	2,420,687
(60) Student Activities	-	1,704,334	4,866,503	-	-	6,570,837	-
Total Special Revenue Fund	3,165,761	8,135,139	4,892,824	10,297	345,000	13,438,334	2,420,687
Debt Service Funds:							
(40) District	-	-	36,525,449	(25,270,000)	-	8,217,825	3,037,624
Building Authority:							
Project 000	-	-	-	-	-	6,430	(6,430)
(H) (Project 019) 17 Lease Revenue Bonds	-	9	-	-	-	3,031,200	(3,031,191)
Total Building Authority Debt Service	-	9	-	-	-	3,037,630	(3,037,621)
Total Debt Service Funds	-	9	36,525,449	(25,270,000)	-	11,255,455	3
Capital Projects Fund:							
(30-39) District	22,318,014	11,458,282	5,000,000	19,218,036	38,487,825	7,645,151	11,861,356
Total Governmental Funds	57,336,642	190,634,314	46,763,273	(6,038,380)	46,763,273	194,675,852	47,256,724
Internal Service Fund:							
(80) Health Insurance	5,716,036	20,475,409	-	-	-	21,826,647	4,364,798
Agency Funds:							
(70) Agency Fund	-	2,544,313	-	-	-	2,544,313	-
Total All Funds	\$ 63,052,678	\$ 213,654,036	\$ 46,763,273	\$ (6,038,380)	\$ 46,763,273	\$ 219,046,812	\$ 51,621,522

BOARD OF EDUCATION OF THE CITY OF FARGO  
Fargo North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

CFDA Number	Program Title	Pass-Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE PROGRAMS</b>			
Passed through the North Dakota Department of Public Instruction			
10.553	School Breakfast Program	1006	\$ 462,242
10.555	National School Lunch Program - Cash	1006	1,622,151
10.555	National School Lunch Program - Commodities	1006	525,026
10.559	Summer Food Service Program for Children Child Nutrition Cluster	1008	<u>854,950</u>
			<u>\$ 3,464,369</u>
10.558	Child and Adult Care Food Program	1007	\$ 5,139
10.560	State Administrative Expenses for Child Nutrition	N/A	20,569
10.582	Fresh Fruit and Vegetable Program	1009	<u>270,135</u>
	Total U.S Department of Agriculture		<u>\$ 3,760,212</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Passed through the National Security Agency			
12.900	Language Grant Programs	N/A	<u>\$ 104,845</u>
<b>U.S. DEPARTMENT OF EDUCATION PROGRAMS</b>			
Direct Assistance			
84.060	Indian Education_Grants to Local Education Agencies	N/A	\$ 90,243
Passed through the North Dakota Department of Public Instruction:			
84.027	Special Education-Grants to States	1024	\$ 3,128,366
84.173	Special Education- Preschool Grants Special Education Cluster	1026	<u>63,851</u>
			<u>\$ 3,192,217</u>
84.002	Adult Education - Basic Grants for States	1048	\$ 244,000
84.010	Title I - Grants to Local Educational Agencies	1017 & 1019	4,150,951
84.196	Education for Homeless Children and Youth	1022	28,357
84.365	English Language Acquisition State Grants	1043	68,724
84.367	Supporting Effective Instruction State Grants	1046	1,150,340
84.371	Comprehensive Literacy Development	N/A	696,009
84.424	Student Support and Academic Enrichment Program	N/A	558,283
84.425	Education Stabilization Fund	N/A	814,030
Passed through the North Dakota Department of Career and Technical Education:			
84.048	Career and Technical Education - Basic Grants to States	N/A	<u>\$ 287,072</u>
	Total U.S Department of Education		<u>\$ 11,280,226</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through North Dakota State University			
81.041	State Energy Program	N/A	\$ 21,300
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through the North Dakota Department of Emergency Services			
97.067	Homeland Security Grant Program	N/A	\$ 40,869
<b>U.S. DEPARTMENT OF HUMAN SERVICES PROGRAMS</b>			
Passed through the North Dakota Department of Public Instruction			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	N/A	\$ 57,009
93.576	Refugee and Entrant Assistance Discretionary Grants	N/A	<u>32,612</u>
	Total U.S Department of Human Services		<u>\$ 89,621</u>
<b>U.S. DEPARTMENT OF HOUSING</b>			
Passed through the City of Fargo			
14.218	Community Development Block Grants/Entitlement Grants	N/A	\$ 150,000
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			
Passed through the North Dakota Council of the Arts			
45.025	Promotion of the Arts Partnership Agreements	N/A	\$ 5,206
<b>Total Amount of Federal Awards</b>			<u>\$ 15,452,279</u>

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

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

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### **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, 2019. 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**

Fargo Public School District has not elected to use the 10-percent de minimis cost rate as allowed under Uniform Guidance.

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



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## STATISTICAL SECTION

This part of the Board of Education of the City of Fargo's comprehensive annual 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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These schedules contain trend information to help the reader understand how the school district's financial performance and well-being have changed over time..... 111

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These schedules contain information to help the reader assess the school district's most significant local revenue source, property tax..... 129

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#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the school district's activities take place..... 147

#### Operating Information

These schedules contain information about the school district's operations and resources to help the Reader understand how the school district's financial information relates to the services we provide and the activities performed..... 151

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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# FINANCIAL TRENDS



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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 131,073,353	\$ 113,384,933	\$ 113,894,583	\$ 108,609,580	\$ 99,532,931	\$ 87,030,071	\$ 76,201,594	\$ 91,159,476	\$ 90,796,725	\$ 81,397,214
Restricted For:										
Capital Projects	11,861,356	14,851,937	7,604,036	8,381,613	14,170,677	21,644,544	30,315,313	11,236,415	11,124,618	8,330,749
Debt Service	3	6,244,274	6,162,840	6,089,025	5,999,938	25	13	-	1,846,872	5,660,912
Unrestricted	(124,230,429)	(114,363,718)	(105,983,839)	(98,526,840)	(93,917,717)	(96,417,167)	37,608,961	35,430,572	34,135,548	47,413,525
Total Net Position	\$ 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

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**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
Instruction:										
Regular	\$ 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	\$ 60,476,273
Special Education	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	20,182,379
Vocational Education	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	10,365,892
Adult Education	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757	711,602	803,284	646,512
Support Services:										
Pupil Services	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	3,774,166
Instructional Staff Services	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	5,291,532
General Administration Services	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	2,249,878
School Administration Services	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	7,330,223
Business Services	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	2,389,189
Operations and Maintenance	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	9,371,308
Pupil Transportations Services	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	1,820,258
Co-Curricular	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	3,827,912
Food Service Outlays	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	5,011,961
Community Services	96,642	95,378	91,079	94,552	262,213	293,853	284,287	327,439	247,687	234,310
Debt Services:										
Interest and Other Charges on Long-Term Debt	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	4,581,697
<b>Total Expenses</b>	<b>192,112,446</b>	<b>187,482,071</b>	<b>180,588,258</b>	<b>176,825,084</b>	<b>157,767,903</b>	<b>158,647,485</b>	<b>149,853,362</b>	<b>151,871,953</b>	<b>149,510,610</b>	<b>137,553,490</b>

Continued on the following page.....

General Revenues:

Taxes:										
Property Taxes; Levied for General Purposes	\$ 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	\$ 48,041,149
Property Taxes; Levied for Debt Service	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	7,545,785
Other Tax Revenue	2,039,627	2,312,399	1,940,645	2,050,727	1,985,473	1,996,429	927,145	936,018	661,894	694,974
State Aid not Restricted to Specific Program:										
Per Pupil Aid	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	43,372,311
Interest Income and Other Revenue	2,092,352	1,537,030	1,301,310	199,755	398,845	329,467	451,553	1,181,006	2,284,212	1,146,997
<b>Total General Revenues</b>	<b>164,642,425</b>	<b>160,445,693</b>	<b>157,084,414</b>	<b>153,547,275</b>	<b>148,709,745</b>	<b>140,313,614</b>	<b>136,145,894</b>	<b>109,041,390</b>	<b>105,527,273</b>	<b>100,801,216</b>
<u>Program Revenues:</u>										
Charges for Services:										
Instruction	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	2,941,807
Support Services	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	4,559,891
Operating Grants and Contributions:										
Instruction	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	39,854,574
Support Services	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	2,986,197
Capital Grants and Contributions:										
Instruction	22,000	-	-	-	-	-	-	-	-	-
Support Services	936,500	1,221,250	-	-	-	-	-	-	-	-
<b>Total Program Revenues</b>	<b>26,056,878</b>	<b>25,476,184</b>	<b>22,270,653</b>	<b>22,045,358</b>	<b>22,586,514</b>	<b>21,137,520</b>	<b>20,006,886</b>	<b>42,753,263</b>	<b>39,084,700</b>	<b>50,342,469</b>
<b>Total Revenues</b>	<b>190,699,303</b>	<b>185,921,877</b>	<b>179,355,067</b>	<b>175,592,633</b>	<b>171,296,259</b>	<b>161,451,134</b>	<b>156,152,780</b>	<b>151,794,653</b>	<b>144,611,973</b>	<b>151,143,685</b>

Change in Net Position	(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)	13,590,195
Net Position - July 1	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	129,212,205
Prior Period Adjustment	-	-	(1,642,567)	-	-	(134,672,057)	-	-	-	-
Net Position - July 1	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	129,212,205
Net Position - June 30	\$ 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

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

<b>Year Ended June 30</b>	<b>Local Sources</b>	<b>State Sources</b>	<b>Federal Sources</b>	<b>Other Sources</b>	<b>Total</b>
2011	\$ 53,150,275	\$ 70,130,430	\$ 13,882,861	\$ 183,863	137,347,429.00
2012	53,769,934	67,005,931	10,163,294	157,217	131,096,376.00
2013	55,591,933	70,892,000	8,643,839	159,651	135,287,423.00
2014	44,340,553	91,190,111	7,499,358	226,615	143,256,637.00
2015	44,429,346	94,885,888	8,141,404	210,875	147,667,513.00
2016	48,523,931	99,398,412	7,793,909	185,428	155,901,680.00
2017	47,575,470	103,024,346	8,428,084	26,470	159,054,370.00
2018	49,494,266	102,407,881	8,647,044	123,074	160,672,265.00
2019	52,715,159	102,695,246	9,716,163	12,872	165,139,440.00
2020	55,665,836	103,628,183	11,744,065	2,800	171,040,884.00

Source of Data: District Accounting Department

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

Summary of General Fund Expenditures by Function

Last Ten Fiscal Years

<b>Year Ended June 30</b>	<b>Regular Instruction</b>	<b>Special Education</b>	<b>Vocational Education</b>	<b>Adult Education</b>	<b>Pupil Services</b>	<b>Instructional Staff Services</b>	<b>General Admin. Services</b>	<b>School Admin. Services</b>
2010-11	\$ 58,681,429	\$ 19,494,477	\$ 10,067,475	\$ 625,248	\$ 3,757,304	\$ 5,293,051	\$ 2,399,784	\$ 7,426,131
2011-12	71,834,837	19,923,220	4,920,490	692,645	3,844,846	5,603,234	2,110,952	8,052,413
2012-13	65,722,668	20,157,808	4,688,374	669,828	3,594,298	5,287,464	2,335,197	8,549,585
2013-14	64,708,323	21,050,947	5,158,907	655,834	3,985,241	4,942,322	2,373,137	9,238,871
2014-15	68,965,147	22,724,862	5,219,095	757,214	4,243,820	4,981,551	2,461,995	9,652,255
2015-16	70,810,878	24,420,358	5,426,695	886,606	4,410,997	4,975,739	2,618,431	10,078,238
2016-17	73,095,302	25,215,023	5,966,993	849,895	4,377,276	4,895,252	2,786,378	10,214,991
2017-18	72,427,801	27,382,094	5,700,296	861,503	4,742,513	4,615,325	3,150,824	10,134,016
2018-19	75,053,916	29,646,194	5,866,650	895,352	5,094,390	4,942,728	3,010,838	10,282,923
2019-20	76,724,605	31,233,539	6,112,140	1,005,564	5,377,440	5,091,269	2,780,230	10,918,187

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<b>Business Services</b>	<b>Operations and Maint.</b>	<b>Pupil Transportation</b>	<b>Co-Curricular</b>	<b>Community Services</b>	<b>Capital Outlays</b>	<b>Debt Principal</b>	<b>Debt Interest</b>	<b>Total</b>
\$ 2,361,221	\$ 9,460,194	\$ 1,820,292	\$ 141,585	\$ 234,438	\$ 3,328,212	\$ 234,000	\$ 8,892	\$ 125,333,733
2,175,965	11,340,987	1,795,712	142,584	246,550	-	-	-	132,684,435
2,416,087	12,991,753	2,017,135	153,919	327,724	-	1,846,872	-	130,758,712
2,970,763	17,357,834	2,286,381	247,410	274,508	-	-	-	135,250,478
3,169,752	15,819,734	2,247,814	217,573	289,205	33,595	-	-	140,783,612
4,897,258	16,226,326	2,209,448	230,387	266,967	-	-	-	147,458,328
4,926,683	15,249,635	2,344,675	240,863	88,124	-	-	-	150,251,090
4,885,816	17,024,384	2,407,839	242,261	89,329	-	-	-	153,664,001
4,582,477	16,238,223	2,539,251	251,452	89,801	-	-	-	158,494,195
4,540,771	15,897,575	2,310,011	255,425	90,156	-	-	-	162,336,912

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Local Sources:</u>										
Property Taxes	\$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	\$55,586,934
Charges for Services	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	7,501,698
Other	2,039,627	2,312,399	1,940,645	2,050,727	1,985,473	1,996,429	927,145	936,018	661,894	694,974
Capital Grants and Contributions	958,500	1,221,250	-	-	-	-	-	-	-	-
<b>Total Local Sources</b>	<b>69,439,255</b>	<b>68,327,167</b>	<b>63,568,683</b>	<b>60,486,192</b>	<b>60,317,653</b>	<b>55,189,242</b>	<b>54,280,638</b>	<b>68,026,067</b>	<b>64,886,413</b>	<b>63,783,606</b>
<u>State Sources:</u>										
Per Pupil Aid	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	43,372,311
<b>Total State Sources</b>	<b>99,467,809</b>	<b>98,557,816</b>	<b>98,991,852</b>	<b>99,530,131</b>	<b>95,587,318</b>	<b>92,225,769</b>	<b>88,823,659</b>	<b>48,831,622</b>	<b>45,533,453</b>	<b>43,372,311</b>
<u>Federal Sources:</u>										
Operating Grants and Contributions	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	42,840,771
<b>Total Federal Sources</b>	<b>19,699,887</b>	<b>17,499,864</b>	<b>15,493,222</b>	<b>15,376,555</b>	<b>14,992,443</b>	<b>13,706,656</b>	<b>12,596,930</b>	<b>33,755,958</b>	<b>31,907,895</b>	<b>42,840,771</b>
Interest & Other Revenues	2,092,352	1,537,030	1,301,310	199,755	398,845	329,467	451,553	1,181,006	2,284,212	1,146,997
<b>TOTAL REVENUES</b>	<b>\$190,699,303</b>	<b>\$185,921,877</b>	<b>\$179,355,067</b>	<b>\$175,592,633</b>	<b>\$171,296,259</b>	<b>\$161,451,134</b>	<b>\$156,152,780</b>	<b>\$151,794,653</b>	<b>\$144,611,973</b>	<b>\$151,143,685</b>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of District Expenses by Function Government-Wide

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Instruction:</u>										
Regular Instruction	\$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	\$60,476,273
Special Education	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	20,182,379
Vocational Education	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	10,365,892
Adult Education	1,087,476	959,543	912,605	935,718	869,417	741,958	639,757	711,602	803,284	646,512
<b>Total Instruction</b>	<b>123,755,777</b>	<b>119,211,442</b>	<b>112,005,299</b>	<b>113,335,377</b>	<b>99,745,931</b>	<b>99,816,014</b>	<b>91,068,166</b>	<b>98,430,233</b>	<b>99,087,219</b>	<b>91,671,056</b>
<u>Supporting Services:</u>										
Pupil Services	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	3,774,166
Instructional Staff	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	5,291,532
General Administrative	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	2,249,878
School Administrative	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	7,330,223
Business Services	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	2,389,189
Operations and Maintenance	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	9,371,308
Pupil Transportation	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	1,820,258
Co-Curricular	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	3,827,912
Food Service	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	5,011,961
<b>Total Supporting Services</b>	<b>65,444,980</b>	<b>64,815,698</b>	<b>65,469,692</b>	<b>60,053,808</b>	<b>53,917,322</b>	<b>54,623,048</b>	<b>55,211,372</b>	<b>47,614,934</b>	<b>45,864,413</b>	<b>41,066,427</b>
Community Services	96,642	95,378	91,079	94,552	262,213	293,853	284,287	327,439	247,687	234,310
Capital Outlays	-	-	-	-	-	-	-	-	-	-
Interest and Other Charges on Long-Term Debt	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	4,581,697
<b>TOTAL EXPENSES</b>	<b>\$192,112,446</b>	<b>\$187,482,071</b>	<b>\$180,588,258</b>	<b>\$176,825,084</b>	<b>\$157,767,903</b>	<b>\$158,647,485</b>	<b>\$149,853,362</b>	<b>\$151,871,953</b>	<b>\$149,510,610</b>	<b>\$137,553,490</b>

Source of Data: District Accounting Department

**BOARD OF EDUCATION OF THE CITY OF FARGO**  
 Summary of Special Revenue Funds Revenues and Expenditures  
 Last Ten Fiscal Years

**REVENUE HISTORY**

<u>Year</u>	<u>Food Service Fund</u>	<u>Student Activities Fund</u>
2010-11	\$ 5,439,807	\$ 390,291
2011-12	5,801,972	430,823
2012-13	5,970,215	416,603
2013-14	5,973,607	445,151
2014-15	6,021,511	474,453
2015-16	6,108,742	477,901
2016-17	6,439,904	478,782
2017-18	6,907,001	1,318,620
2018-19	7,149,482	2,421,022
2019-20	6,430,805	1,704,334

**EXPENDITURE HISTORY**

<u>Year</u>	<u>Food Service Fund</u>	<u>Student Activities Fund</u>
2010-11	\$ 5,425,103	\$ 3,794,825
2011-12	5,288,480	4,142,003
2012-13	5,744,536	4,148,559
2013-14	6,013,613	4,254,771
2014-15	6,111,901	3,795,353
2015-16	6,233,833	4,057,037
2016-17	6,300,358	4,008,970
2017-18	6,405,284	5,304,617
2018-19	6,814,682	6,533,061
2019-20	6,867,497	6,570,837

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable:										
Inventories	\$ 415,908	\$ 271,175	\$ 230,435	\$ 215,830	\$ 190,953	\$ 169,767	\$ 127,887	\$ 139,460	\$ 137,666	\$ 163,860
Prepaid Expenses	-	-	-	-	-	16,410	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-	-	2,774,900
Restricted:										
Debt Service	-	-	-	-	-	-	-	-	1,846,872	-
Assigned:										
Facility Maintenance	-	-	-	-	-	-	-	-	-	4,126,761
Unassigned:	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	28,053,187
<b>Total General Fund</b>	<b>\$ 32,974,678</b>	<b>\$ 31,852,867</b>	<b>\$ 31,936,278</b>	<b>\$ 31,648,277</b>	<b>\$ 30,185,354</b>	<b>\$ 28,975,841</b>	<b>\$ 28,228,428</b>	<b>\$ 26,420,050</b>	<b>\$ 26,712,765</b>	<b>\$ 35,118,708</b>
All Other Governmental Funds										
Nonspendable:										
Inventories	\$ 171,367	\$ 81,770	\$ 1	\$ 9,467	\$ 10,024	\$ 10,413	\$ 9,322	\$ 7,751	\$ 8,393	\$ 6,866
Contracts Receivable	-	-	-	-	-	2,416,783	2,662,140	2,901,134	3,564,071	3,838,607
Restricted:										
Debt Service	3	6,244,274	6,162,840	6,089,025	5,999,938	25	16	-	-	7,663,898
Capital Projects Fund	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	131,746
Committed:										
Special Revenue Fund	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	2,666,863
<b>Total All Other Governmental Funds</b>	<b>\$ 14,282,046</b>	<b>\$ 25,483,775</b>	<b>\$ 18,051,895</b>	<b>\$ 18,476,469</b>	<b>\$ 23,694,152</b>	<b>\$ 22,714,720</b>	<b>\$ 31,222,846</b>	<b>\$ 11,428,482</b>	<b>\$ 11,823,683</b>	<b>\$ 14,307,980</b>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of Changes in Fund Balances Total Governmental Funds

### Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Local Sources	\$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	\$65,320,427
State Sources	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	70,181,924
Federal Sources	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	15,951,513
Other Sources	2,800	12,872	123,074	26,470	185,428	210,875	226,615	159,651	157,217	183,863
<b>Total Revenues</b>	<b>190,634,314</b>	<b>185,429,576</b>	<b>178,907,637</b>	<b>175,562,028</b>	<b>171,487,769</b>	<b>161,910,589</b>	<b>157,434,922</b>	<b>150,461,666</b>	<b>145,838,443</b>	<b>151,637,727</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	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	58,681,429
Special Education	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	19,494,477
Vocational Education	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	10,067,475
Adult Education	1,005,564	895,352	861,503	849,895	886,606	757,214	655,834	669,828	692,645	625,248
<b>Support Services:</b>										
Pupil Services	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	3,757,304
Instructional Staff Services	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	5,293,051
General Administration Services	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	2,399,784
School Administration Services	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	7,426,131
Business Services	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	2,361,221
Operations and Maintenance	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	9,578,108
Pupil Transportations Services	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	1,820,292
Co-Curricular	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	3,936,410
Capital Outlays	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	19,470,523
Food Service Outlays	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	5,425,103
Community Services	90,156	89,801	89,329	88,124	266,967	289,205	274,508	327,724	246,550	234,438
<b>Total Expenditures</b>	<b>183,088,890</b>	<b>182,704,087</b>	<b>168,548,376</b>	<b>168,039,581</b>	<b>170,758,929</b>	<b>168,441,982</b>	<b>153,094,240</b>	<b>138,854,336</b>	<b>145,630,256</b>	<b>150,570,994</b>
<b>Debt Service:</b>										
Principal	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	7,935,000
Interest	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	4,628,581
Bond Costs	207,619	163,462	755	109,704	518,233	296,985	306,849	248,569	-	-
<b>Total Debt Service Expenditures</b>	<b>11,586,962</b>	<b>11,132,235</b>	<b>10,557,930</b>	<b>10,432,235</b>	<b>12,675,030</b>	<b>11,362,378</b>	<b>9,875,755</b>	<b>15,952,372</b>	<b>12,558,830</b>	<b>12,563,581</b>
<b>Total Expenditures</b>	<b>194,675,852</b>	<b>193,836,322</b>	<b>179,106,306</b>	<b>178,471,816</b>	<b>183,433,959</b>	<b>179,804,360</b>	<b>162,969,995</b>	<b>154,806,708</b>	<b>158,189,086</b>	<b>163,134,575</b>

Continued on the following page.....

Excess of Revenues Over (Under) Expenditures	\$ (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)	\$ (11,496,848)
<u>Other Financing Sources (Uses):</u>										
Transfers In	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	19,848,557
Transfers Out	(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)	(19,848,557)
Premium on the Sale of Bonds	743,036	1,719,394	-	672,342	3,002,555	312,351	-	708,702	-	-
Debt Issuance	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	3,287	25,040	52,196	10,898	8,117,580	235,707	225,703	1,564,535	1,460,403	254,629
Total Other Financing Sources (Uses)	(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	254,629
Net Change in Fund Balances	(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)	(11,242,219)
Fund Balance - July 1	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	60,668,907
Fund Balance - June 30	\$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
Debt Service Expenditures	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	12,563,581
Total Noncapital Expenditures	185,897,865	180,667,711	175,304,461	170,171,211	169,456,355	161,854,710	155,248,176	153,673,409	154,755,043	143,424,820
Percentage of Debt Service Expenditures to Noncapital Expenditures	6.23%	6.16%	6.02%	6.13%	7.48%	7.02%	6.36%	10.38%	8.12%	8.76%

Source of Data: District Accounting Department

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

Summary of General Fund Balances

Last Ten Fiscal Years

<b>Year</b>	<b>Beginning Fund Balance at July 1</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Uses and Residual Equity Transfers In</b>	<b>Ending Fund Balance at June 30</b>
2010-11	\$ 30,656,022	\$ 137,347,429	\$ 125,333,733	\$ (7,551,010)	\$ 35,118,708
2011-12	35,118,708	131,096,376	132,684,435	(6,817,884)	26,712,765
2012-13	26,712,765	135,287,423	130,758,712	(4,821,426)	26,420,050
2013-14	26,420,050	143,256,637	135,250,478	(6,197,781)	28,228,428
2014-15	28,228,428	147,667,513	140,783,612	(6,136,488)	28,975,841
2015-16	28,975,841	155,901,680	147,458,328	(7,233,839)	30,185,354
2016-17	30,185,354	159,054,370	150,251,090	(7,340,357)	31,648,277
2017-18	31,648,277	160,672,265	153,664,001	(6,720,263)	31,936,278
2018-19	31,936,278	165,139,440	158,494,195	(6,728,656)	31,852,867
2019-20	31,852,867	171,040,884	162,336,912	(7,582,161)	32,974,678

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>Year</u>	<u>Food Service Fund</u>	<u>Student Activities Fund</u>
2010-11	\$ 2,673,729	\$ -
2011-12	2,937,721	-
2012-13	2,913,400	-
2013-14	2,687,520	-
2014-15	2,415,417	-
2015-16	2,360,877	-
2016-17	2,571,353	-
2017-18	3,123,039	-
2018-19	3,165,761	-
2019-20	2,420,687	-

Source of Data: District Accounting Department

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

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

<u>Year Ended June 30</u>	<u>Unassigned Fund Balance</u>	<u>Annual Expenditures</u>	<u>Balance as a Percent of Expenditures</u>
2011	\$ 28,053,187	\$ 125,333,733	22.38%
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%

Source of Data: District Accounting Department

**REVENUE CAPACITY**



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# 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
2011	\$ 613,585	\$ 22,879,561	\$ 72,491,583	\$ 24,490,627	\$ 136,431,152	\$ 256,906,508	\$ (1,344,273)	\$ -	\$ 255,562,235	\$ 2,709,654,351	\$ 5,419,308,701	9.43%
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%

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

<b>Year</b>	<b>NET TAXABLE VALUE</b>	<b>ASSESSED VALUE</b>	<b>REAL MARKET VALUE</b>
2010-2011	\$ 255,562,235	\$ 2,709,654,351	\$ 5,419,308,701
2011-2012	260,244,248	2,768,851,946	5,537,703,891
2012-2013	267,918,783	2,846,220,876	5,692,441,751
2013-2014	273,895,283	2,913,765,151	5,827,530,301
2014-2015	288,468,136	3,074,201,216	6,148,402,431
2015-2016	317,913,169	3,384,184,844	6,768,369,688
2016-2017	350,229,161	3,725,331,416	7,450,662,831
2017-2018	373,326,181	3,982,856,465	7,965,712,930
2018-2019	394,615,743	4,206,162,216	8,412,324,431
2019-2020	430,628,600	4,576,362,678	9,152,725,355

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

<b>Year</b>	<b>General Fund</b>	<b>Building Construction Fund</b>	<b>Special Assessment Fund</b>	<b>Total Mills</b>
2010-2011	191.18	26.35	4.06	221.59
2011-2012	191.18	26.35	4.06	221.59
2012-2013	191.18	26.35	1.75	219.28
2013-2014	139.00	26.35	0.00	165.35
2014-2015	139.00	26.35	0.00	165.35
2015-2016	139.00	26.35	1.00	166.35
2016-2017	127.00	26.35	1.00	154.35
2017-2018	126.78	26.35	1.00	154.13
2018-2019	126.78	26.35	1.00	154.13
2019-2020	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 2019		Tax Year 2010	
	Taxable Value	Percentage of Total Taxable Value	Taxable Value	Percentage of Total Taxable Value
Northern States Power Company	\$ 5,548,378	1.33%	\$ 3,493,326	1.37%
Innovis Health LLC	2,436,800	0.58%	1,601,990	0.63%
Sanford North	2,073,930	0.50%	-	-
1709 25th Ave S	1,505,050	0.36%	-	-
Case Equipment Corporation	1,495,800	0.36%	1,087,400	0.43%
Great Plains Software Inc	1,482,900	0.36%	829,430	0.32%
County 20 Storage and Transfer	1,283,515	0.31%	-	-
NDSU Development Foundation	1,243,350	0.30%	-	-
Fargo Apartment Homes LLC	1,229,150	0.29%	-	-
Mills Fleet Farm	1,077,050	0.26%	-	-
Inreit Properties LLLP	-	-	1,881,195	0.74%
Matrix Properties Corp.	-	-	1,502,110	0.59%
Sterling Properties LLC	-	-	-	-
Dakota Park Limited Patnership	-	-	1,186,530	0.46%
The Waterford at Harwood Groves LLC	-	-	1,124,585	0.44%
Meritcare Medical Group	-	-	1,172,850	0.46%
Meritcare Hospital	-	-	1,038,954	0.41%
<b>Total Attributable to Ten Largest Taxpayers</b>	<b>19,375,923</b>	<b>4.65%</b>	<b>14,918,370</b>	<b>5.85%</b>
<b>Total Taxable Value</b>	<b>\$ 417,591,941</b>	<b>100.00%</b>	<b>\$ 255,562,235</b>	<b>100.00%</b>

Source of Data: Cass County Auditor's Office



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

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		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
2011	\$ 56,718,713	\$ 140,691	\$ 56,859,404	\$ 53,689,709	94.66%	\$ 710,548	\$ 54,400,257	95.68%
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%	-	57,934,764	90.40%

\*\* Collection is as of June 30, 2020

Source: Cass County Auditor's Office

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

Levies and Mill Conversion  
Last Ten Fiscal Years

	<u>2019-2020</u>	<u>2018-2019</u>
Taxable Valuation	\$ 430,628,600	\$ 394,615,743
One Millage of Tax	<u>X 0.001</u>	<u>X 0.001</u>
Each Mill Will Return (Approx.)	<u>430,629</u>	<u>394,616</u>
<b>Actual Dollars Levied</b>		
General Fund	\$ 52,341,988	\$ 50,029,384
Building Fund	10,878,777	10,398,124
Special Assessments	<u>516,071</u>	<u>394,616</u>
Total Required Levy	<u>63,736,836</u>	<u>60,822,124</u>
<b>Mill Conversion:</b>		
General Fund	126.78	126.78
Building Construction Fund	26.35	26.35
Special Assessments	<u>1.25</u>	<u>1.00</u>
Total Mill Levy	<u>154.38</u>	<u>154.13</u>

Source of Data: District Accounting Department

**DEBT CAPACITY**



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**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
2011	\$ 97,615,000	\$ 13	\$ 97,614,987	\$ 255,562,235	38.20%	105,549	\$ 925
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

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

June 30, 2020

<u>TAXING AUTHORITY</u>	<u>OUTSTANDING BONDED DEBT</u>	<u>PERCENTAGE OF DEBT ALLOCABLE TO THE DISTRICT</u>	<u>AMOUNT APPLICABLE TO THE DISTRICT</u>
Board of Education of the City of Fargo	\$ 81,685,018	100.00%	<u>\$ 81,685,018</u>
Total District Direct Debt			<u>81,685,018</u>
Cass County	\$ 2,450,000	42.78%	1,048,110
City of Fargo	436,630,000	72.00%	314,373,600
Fargo Park District	21,570,000	72.00%	15,530,400
Southeast Cass Water Resource District	1,465,000	48.32%	707,888
Other Entities*			<u>-</u>
Total Overlapping Debt			<u>331,659,998</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 413,345,016</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed Value of all Property	\$ 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	\$ 2,709,654,351
Debt Limit - 5% of Assessed Value	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	135,482,718
<u>Legal Debt Margin:</u>										
Debt Applicable to Limitation:										
Total Bonded Debt	80,570,018	80,570,018	83,574,322	88,272,291	91,577,508	93,435,000	88,335,000	65,030,000	68,376,872	68,300,000
Total Debt Applicable to Limitation	80,570,018	80,570,018	83,574,322	88,272,291	91,577,508	93,435,000	88,335,000	65,030,000	68,376,872	68,300,000
Legal Debt Margin	\$ 148,248,116	\$ 129,738,093	\$ 115,568,501	\$ 97,994,280	\$ 77,631,734	\$ 60,275,061	\$ 57,353,258	\$ 77,281,044	\$ 70,065,725	\$ 67,182,718
Total Debt Applicable to Limitation as a Percentage of Debt Limit	35.21%	38.31%	41.97%	47.39%	54.12%	60.79%	60.63%	45.70%	49.39%	50.41%

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
*2011	105,549	\$ 255,562,235	\$ 2,709,654,351	\$ 39,911	\$ 4,212,566,139	\$ 97,615,000	\$ 115,000	\$ 1,172,490	3.65%	2.35%	\$ 937
*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

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

June 30, 2020

<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	\$ 17,530,000	\$ 7,085,000
Limited Tax Bonds Series 2014	2014	2033	3.25% - 4.0%	26,970,000	26,970,000	-
Limited Tax Refunding Bonds Series 2015	2015	2027	2.0% - 2.5%	9,835,000	1,000,000	8,835,000
Limited Tax Refunding Bonds Series 2015B	2015	2026	2.00%	9,750,000	-	9,750,000
State School Construction Bond Series 2015C	2016	2035	1.00%	6,000,000	1,389,982	4,610,018
Limited Tax Bonds Series 2016A	2016	2036	2.0% - 4.0%	9,160,000	1,075,000	8,085,000
Limited Tax Refunding Bonds Series 2016B	2016	2024	5.00%	14,310,000	4,150,000	10,160,000
Limited Tax Bonds Series 2018	2018	2038	4.0% - 5.0%	14,000,000	430,000	13,570,000
Limited Tax Refunding Bonds Series 2019	2019	2032	2.4% - 3.0%	18,475,000	-	18,475,000
 <b><u>Building Authority Revenue Bonds:</u></b>						
Lease Revenue Refunding Bonds Series 2017	2017	2024	3.0% - 5.0%	<u>8,795,000</u>	<u>7,680,000</u>	<u>1,115,000</u>
				<u>\$ 141,910,000</u>	<u>\$ 60,224,982</u>	<u>\$ 81,685,018</u>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of Bond Maturities

June 30, 2020

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,761,392	\$ 2,490,578	\$ 8,251,970
2022	5,934,256	2,318,364	8,252,620
2023	4,297,148	2,141,496	6,438,644
2024	4,860,070	1,948,712	6,808,782
2025	6,343,020	1,722,637	8,065,657
2026	6,896,001	1,527,706	8,423,707
2027	7,234,011	1,357,521	8,591,532
2028	6,237,051	1,180,819	7,417,870
2029	5,150,121	1,015,311	6,165,432
2030	5,308,221	848,684	6,156,905
2031	5,481,356	685,807	6,167,163
2032	5,639,518	519,674	6,159,192
2033	3,972,713	366,179	4,338,892
2034	1,720,940	275,001	1,995,941
2035	1,774,200	220,517	1,994,717
2036	1,500,000	164,075	1,664,075
2037	1,555,000	108,900	1,663,900
2038	990,000	61,000	1,051,000
2039	1,030,000	20,600	1,050,600
	<u>\$ 81,685,018</u>	<u>\$ 18,973,581</u>	<u>\$ 100,658,599</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>
2011	\$ 3,476,000	\$ 4,137,619	\$ 7,613,619	\$ 125,333,733	6.07%
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%

Source of Data: District Accounting Department

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## DEMOGRAPHIC AND ECONOMIC INFORMATION



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**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>
**2011	105,549	3.9%
**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%

\* 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	2020			2011		
	FTE's	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	FTE's	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Sanford Health	7,110	1	5.29%	3,691	1	3.24%
North Dakota State University	3,500	2	2.60%	2,401	2	2.11%
Essentia Health	2,440	3	1.81%	1,285	5	1.13%
Fargo Public School District No. 1	1,929	4	1.43%	1,638	4	1.44%
Wanzek Construction Inc	1,841	5	1.37%			
West Fargo Public Schools	1,726	6	1.28%	786	9	0.69%
Fargo VA Health Care System	1,186	7	0.88%	830	8	0.73%
Microsoft Business Solutions	1,092	8	0.81%	948	7	0.83%
US Bank Service Center	1,065	9	0.79%	952	6	0.84%
City of Fargo	1,014	10	0.75%			
Noridian Healthcare Solutions				1,800	3	1.58%
Integrity Windows and Doors				750	10	0.66%
*Employed Labor Force	134,448			113,780		

Source: Job Service North Dakota. Workforce Intelligence Network

Source: Greater Fargo Moorhead Economic Development Corporation

\*Employed Labor Force as of July 2020 and June 2011

Source: Chamber of Commerce of Fargo-Moorhead-West Fargo



**OPERATING INFORMATION**



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## BOARD OF EDUCATION OF THE CITY OF FARGO

Number of School District Employees by Function  
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Administrators	62	54	66	65	66	69	71	69	72	73
Nutritional Services	129	129	119	129	121	121	100	117	116	112
Maintenance	126	125	146	128	124	128	130	124	124	115
Support Staff	633	673	601	580	541	520	508	466	441	425
OT/PT, Social Workers	26	17	30	17	17	5	20	16	19	17
Teachers	1052	1018	999	1004	977	973	965	959	946	936
<b>TOTAL</b>	<b>2028</b>	<b>2016</b>	<b>1961</b>	<b>1923</b>	<b>1846</b>	<b>1816</b>	<b>1794</b>	<b>1751</b>	<b>1718</b>	<b>1678</b>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Capital Asset Statistics by Function

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>FUNCTION</b>										
Instruction:										
Regular	\$ 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	\$ 60,017,269
Special Education	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	19,938,847
Vocational Education	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	10,290,586
Adult Education	1,130,614	1,053,883	1,062,816	1,059,177	1,097,134	862,608	782,066	853,906	660,452	642,325
<b>Instruction Total</b>	<b>129,386,444</b>	<b>\$ 131,197,649</b>	<b>\$ 131,228,295</b>	<b>\$ 131,014,266</b>	<b>\$ 125,656,715</b>	<b>\$ 111,260,151</b>	<b>\$ 109,593,483</b>	<b>\$ 117,198,601</b>	<b>\$ 92,395,891</b>	<b>\$ 90,889,027</b>
Support Services:										
Pupil Services	\$ 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	\$ 3,840,570
Instructional Staff Services	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	5,406,238
General Administration Services	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	2,448,865
School Administration Services	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	7,587,467
Business Services	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	2,408,720
Operations and Maintenance	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	9,795,460
Pupil Transportation Services	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	1,860,067
Extracurricular	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	4,027,915
Food Service Outlays	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	5,553,437
<b>Support Services Total</b>	<b>\$ 69,274,214</b>	<b>\$ 70,967,772</b>	<b>\$ 75,122,295</b>	<b>\$ 69,422,397</b>	<b>\$ 69,448,390</b>	<b>\$ 60,039,567</b>	<b>\$ 64,198,910</b>	<b>\$ 60,698,485</b>	<b>\$ 42,390,236</b>	<b>\$ 42,928,739</b>
<b>Function Total</b>	<b>\$ 198,660,658</b>	<b>\$ 202,165,421</b>	<b>\$ 206,350,590</b>	<b>\$ 200,436,663</b>	<b>\$ 195,105,105</b>	<b>\$ 171,299,718</b>	<b>\$ 173,792,393</b>	<b>\$ 177,897,086</b>	<b>\$ 134,786,127</b>	<b>\$ 133,817,766</b>
<b>CAPITAL ASSETS BY CLASSIFICATION</b>										
Land	\$ 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	12,369,502
Buildings and Improvements (Net)	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	118,074,243
Equipment and Vehicles (Net)	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	3,374,021
<b>Total Capital Assets</b>	<b>\$ 198,660,658</b>	<b>\$ 202,165,422</b>	<b>\$ 206,350,590</b>	<b>\$ 200,436,663</b>	<b>\$ 195,105,105</b>	<b>\$ 171,299,718</b>	<b>\$ 173,792,393</b>	<b>\$ 177,897,086</b>	<b>\$ 134,786,127</b>	<b>\$ 133,817,766</b>

Source of Data: District Accounting Department

## OTHER SUPPLEMENTAL DISTRICT DATA



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**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
2010-11	101	4,787	2,355	3,253	10,496
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

Source of Data: District Accounting Department 2019-20 Operating Budget  
Stars District Pupil Membership Summary

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

Schedule of Cost Per Average Daily Membership  
June 30, 2020

AVERAGE DAILY MEMBERSHIP 11,480.59

GENERAL FUND:

Regular Instruction	\$ 6,683	
Special Education	2,721	
Vocational Education	532	
Adult Education	88	
Pupil Services	468	
Instructional Staff Services	443	
General Administrative	242	
School Administrative	951	
Business Services	396	
Operations and Maintenance	1,385	
Pupil Transportation	201	
Co-Curricular	22	
Community Services	8	
	<hr/>	\$ 14,140

CAPITAL PROJECTS 666

FOOD SERVICE 598

STUDENT ACTIVITIES 572

DEBT SERVICE 

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 963

TOTAL 

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 \$ 16,939

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



STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

## 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, 2020, 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 November 24, 2020

### **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

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**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  
November 24, 2020

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241  
FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

## 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

### 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, 2020. 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, 2020.

## **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

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### **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, 2020, and have issued our report thereon dated November 24, 2020, 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  
November 24, 2020

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

Summary of Auditor’s Results, and Findings, and Questioned Costs  
For the Year Ended June 30, 2020

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

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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   X   None Noted  
Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None Noted  
Noncompliance material to financial statements noted?        Yes   X   None Noted

Federal Awards

Internal Control Over Major Programs:

Material weaknesses identified?        Yes   X   None noted  
Reportable conditions identified not considered to be material weaknesses?        Yes   X   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   X   None noted

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education – Grants to States
84.367	Supporting Effective Instruction State Grants
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and B programs:   \$ 750,000  

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statement Findings**

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No matters were reported.

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

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No matters were reported.

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

## 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, 2020 which collectively comprise the Board of Education of the City of Fargo's basic financial statements, and have issued our report thereon dated November 24, 2020. 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 September 28, 2020, 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, 2020. 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.

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

### Governance Communication - Continued

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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 November 24, 2020.

#### **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  
November 24, 2020



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505