

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2024**



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

**Fargo, North Dakota**

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

700 7th Street South  
Fargo, North Dakota 58103

For the Fiscal Year Ended **June 30, 2024**

Dr. Rupak Gandhi, Superintendent

**Prepared By:**  
Dustin Foster, District Accountant

# BOARD OF EDUCATION OF THE CITY OF FARGO

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For the Year Ended June 30, 2024

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**SECTION I**

**INTRODUCTORY SECTION**





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**November 18, 2024**

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

## INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of the Board of Education of the City of Fargo (District), included as part of this report, presents the financial position of the District on June 30, 2024, and the results of operations for the fiscal year-ended 2024. This report was prepared in accordance with the United States generally accepted accounting principles (GAAP). The District's administration accepts total responsibility for the accuracy, completeness, and fairness of the presentation of these financial statements. Eide Bailly LLP audits this financial report.

## REPORT FORMAT

The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section includes this letter of transmittal, organizational chart, list of the School Board and Administration, and ASBO Certificate of Excellence in Financial Reporting. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, and supplementary information. The Statistical section includes financial and demographic information, generally presented on a multi-year comparative basis. The Compliance section includes the Schedule of Expenditures of Federal Awards (SEFA) and Schedule of Findings and Questioned Costs.

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

## FEDERAL SINGLE AUDIT

The District is required to undergo an annual federal single audit in conformity with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

## REPORTING ENTITY AND ITS SERVICES

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued  
For the Year Ended June 30, 2024

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

The Board of Education of the City of Fargo was organized in 1873 and serves the Fargo-Metropolitan area, which is bordered on the east by the Red River of the North, which separates North Dakota and Minnesota and the cities of Fargo and Moorhead. The District enrolled approximately 11,546 students in 2023-24 from an estimated population of 133,188 in the city of Fargo, and the projected enrollment is expected to remain stable. The District employs approximately 2,338 people, including 1,123 teachers. The School District encompasses 57 square miles, and in terms of the number of students, is North Dakota's third-largest school district.

During the 2023-24 school year, the District operated 27 school buildings: three comprehensive (grades 9-12) high schools, one alternative (grades 9-12) high school, three comprehensive (grades 6-8) middle schools, sixteen (grades K-5) elementary schools, including Early Childhood Special Education, one (grades K-12) Virtual Academy, one (grades K-8) special education school, one performing arts school, and one residential treatment facility. With 27 different buildings, the age of these structures varies from 111 years old to an Operations Center that opened in the fall of 2017. The District continues to evaluate the renovation needs for its older buildings to keep up with the safety requirements and needs of its students. The community also benefits from six post-secondary institutions that serve the educational needs of the entire community.

## MAJOR INITIATIVES

The District's Long-Range Facility Plan (LRFP) is an ambitious and forward-thinking initiative designed to transform and enhance the educational landscape within the District over the next 50+ years. The comprehensive plan seeks to address and balance student diversity, provide equitable environments, and improve operational efficiencies to maximize resources for students.

By focusing on increasing overall utilization to around 85%, improving educational adequacy, and ensuring financial sustainability, the plan outlines strategic goals to consolidate schools, thereby creating more cohesive, equitable, and modern educational facilities.

The plan involves significant investment in facility improvements, a meticulous review of educational adequacy across the portfolio, and a keen emphasis on maintaining safe and healthy learning environments that cater to the long-term needs of all students and staff, while also considering community feedback and ensuring a good return on investment for taxpayers.

Major projects of the plan aim to create facilities that support student success and enhance the community's well-being, including:

- Building a new elementary school while consolidating and remodeling existing elementary schools.
- Building a new middle school.
- Building a new Early Childhood Special Education learning center.
- Rebuilding certain elementary schools on existing properties.
- Repurposing an elementary school for the District's new Self-Directed Academy.
- Redistricting and boundary studies.

## 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, healthcare, and education hub for the region and is the primary population center of the state of North Dakota. According to federal census data from 2020, the population of the City of Fargo has increased approximately 5.7% since then. In 2015, the unemployment rate was 2.6%. During the past ten years, unemployment in Fargo remained stable, and is now at one of the lowest rates in the United States, at 2.5%. Unemployment is expected either to remain stable or decrease in the future as overall construction in the Fargo-Metropolitan area continues to be robust. In the 2024 building permit report, Fargo issued 1,120 permits and exceeded \$518 million in projected construction.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued  
For the Year Ended June 30, 2024

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## STRATEGIC PLAN

The Board of Education of the City of Fargo established its Strategic Plan in 2015 through a strategic planning process involving the community. In 2022, the Board of Education approved a refreshed Strategic Plan. The Strategic Plan was comprehensively refreshed in 2022 to reflect completed tasks and new direction based on the evolving needs and priorities of the Fargo Public School District community. The plan continues to remain a “living document” that is reviewed annually and updated as needed to better meet the needs of all students.

The Strategic Plan is proactive and provides a road map for the educational experiences our community desires for students. The plan is comprehensive and inclusive of all areas impacting District operations. Both the academic and operational branches of the District are melded together to create consistency in practice that caters to each child focused on multiple standards of success for students.

The plan makes our priorities clear, ensures full transparency, and provides informative information that can be used to hold the District accountable for maintaining focus on the results that will benefit the District’s students.

The Strategic Plan is grouped by six strategic initiatives directly aligned to the results monitored by the Board of Education of the City of Fargo based on their policies:

1. Tiered Instruction
2. Positive School Culture and Safety
3. Co-Curricular Activities
4. Community Outreach and Communication
5. Equitable Resources and Planning
6. Continuous Improvement and Accountability

To view the detailed Strategic Plan, visit: <https://www.fargo.k12.nd.us/about-us/strategic-plan>.

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

## VISION

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

A Board of Education of the City of Fargo education will provide students with a broad knowledge base by engaging in a standards-based curriculum with co-curricular opportunities. Graduates will possess sound character and 21<sup>st</sup>-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.

## VALUES

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

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

## MISSION STATEMENT

Educating and empowering all students to succeed.

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

Letter of Transmittal – Continued  
For the Year Ended June 30, 2024

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### STUDENT ASSESSMENT AND TESTING

Assessments provide students, educators, parents, and the public with a range of information about standards-based achievement and help to determine the best practices and policies that will result in improvements to student learning. The District uses a balanced assessment system of formative (classroom assessments to inform instruction) and summative (District assessments to evaluate student learning at the conclusion of instruction) assessments. The assessments used are designed to provide students, parents, and teachers with the information they need to assist all students in meeting or exceeding the standards, and to provide the District with the data it needs for its continuous improvement model.

### ACCESS TEST

WIDA ACCESS for English Language Learners is the annual North Dakota English Language Proficiency Assessment in which all English Learners must participate. The assessment measures students' academic English language in each of the four language domains: listening, speaking, reading, and writing. The content of the assessment aligns with the five North Dakota English Language Development Standards.

### ADD-VANTAGE MATH RECOVERY (AVMR) ASSESSMENTS

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

### AIMSweb PLUS

AIMSweb Plus 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-8 and some special needs students in the fall, winter, and spring. The goal is to show valid indicators of early literacy development and predict later reading proficiency and provide early identification of students who are not progressing as expected. In the spring, all students in the English Learners program are tested on their understanding of speech, listening, reading, writing, oral language, literacy, and comprehension.

### LETRS SPELLING SCREENER

LETRS Spelling Screener teaches the five essential components of reading: phonics, phonemic awareness, vocabulary, reading comprehension, and fluency. It also covers writing, spelling, and oral language.

### NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP)

NAEP is mandated by Congress to assess the educational achievement of U.S. students and monitor changes in those achievements. Schools and classes are randomly selected to participate and are administered online.

### NORTH DAKOTA ACADEMIC PROGRESSION OF LEARNING AND UNDERSTANDING OF STUDENTS or ND A-PLUS (ND A+)

ND A-PLUS (ND A+) is a new, connected system of assessments that includes state-provided interim assessments (starting Fall 2023) and a statewide summative assessment that will replace the NDSA (starting Spring 2025). The innovation with the ND A+ system lies in the alignment between the interim assessments and the ND educational content standards and alignment to the ND A+ summative.

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

Letter of Transmittal – Continued  
For the Year Ended June 30, 2024

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### **NORTH DAKOTA ALTERNATE ASSESSMENT TESTING**

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

### **STUDENT RISK SCREENING SCALE-INTERNALIZING AND EXTERNALIZING (SRSS-IE)**

The SRSS-IE is a tool for identifying students with internalizing and externalizing behaviors that require additional support risk and identifying interventions to help them succeed. This will be completed by the classroom teachers for students in attendance for a minimum of four weeks.

### **AMERICAN COLLEGE TEST (ACT)**

With the addition of ND A+, the District is no longer requiring the American College Test (ACT) entrance exam. While no longer required, the District still continually scores above both the state and national average composite scores on the American College Test (ACT) entrance exam. In 2023-24, the District had an average composite score of 19.8.

### **NATIONAL AWARDS AND RECOGNITION**

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

- Best Communities for Music Education for the 21<sup>st</sup> year by the National Association of Music Merchants
- United Way's Top 50 Generous Workplaces
- Certificate of Excellence in Financial Reporting award for the 20<sup>th</sup> year in a row from the Association of School Business Officials (ASBO) International

### **ATTENDANCE, GRADUATION, CO-CURRICULAR ACTIVITIES, AND STAFFING**

The Board of Education of the City of Fargo has a 91% average daily attendance rate, which has remained consistent over the years.

The District's four-year graduation rate is 80%, which has also remained consistent over the years.

Nearly 48% of the District's students in grades 9-12 studied a foreign language, and nearly 65% of students in grades 6-12 participated in one or more co-curricular activities. Also, approximately 14% of the District's students in grades 1-8 are enrolled in gifted and talented instruction.

The District has approximately 63% of teachers who maintain an advanced degree (master's degree or higher).

### **INTERNAL CONTROL SYSTEM**

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Letter of Transmittal – Continued  
For the Year Ended June 30, 2024

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

### DEBT ADMINISTRATION

Total outstanding bonded debt of the District as of June 30, 2024 was \$94,442,153. The bonds mature at various dates through 2043. The District's bond rating is Aa2 based on Moody's Investors Service. This rating reflects the District's sound financial operations evidenced by their healthy reserve and liquidity levels, as well as the diverse and expanding regional economy and above average debt burden.

### FUTURE FINANCIAL PROSPECTS

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

As noted previously in the 'Major Initiatives' section, the District is guided by the Long-Range Facility Plan. This plan details the long-term configuration of our educational facilities and identifies projects that need short and long-term improvements. Managing the District's investment in facilities is a major area of focus. The District will continue to maintain the quality and appropriate configuration of its facilities into the future while providing the best educational opportunities available.

### REPORTING ACHIEVEMENT

As noted previously in the 'National Awards and Recognition' section, the Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to the District for its preparation of their Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This award is presented to governmental units that publish an ACFR that is easily readable, efficiently organized, and conforms to the program standards, as well as generally accepted accounting principles (GAAP) and applicable legal requirements. The District believes this report will continue to meet those standards and requirements.

### ACKNOWLEDGEMENTS

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



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Jackie Gapp, CPA, SFO  
Chief Financial Officer

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

School Board and Administration  
For the Year Ended June 30, 2024

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## **SCHOOL BOARD**

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

## **ADMINISTRATION**

Dr. Rupak Gandhi	Superintendent
Dr. Robert Grosz	Secondary Associate Superintendent
Missy Eidsness	Elementary Associate Superintendent
Bill Westrick	Chief Operating Officer
Dr. Jeff McCanna	Chief Human Capital Officer
Tara Brandner	General Counsel
AnnMarie Campbell	Chief Communications Officer
Jackie Gapp, CPA, SFO	Chief Financial Officer
Joy Retterath, CPA	Director of Accounting

# BOARD OF EDUCATION OF THE CITY OF FARGO

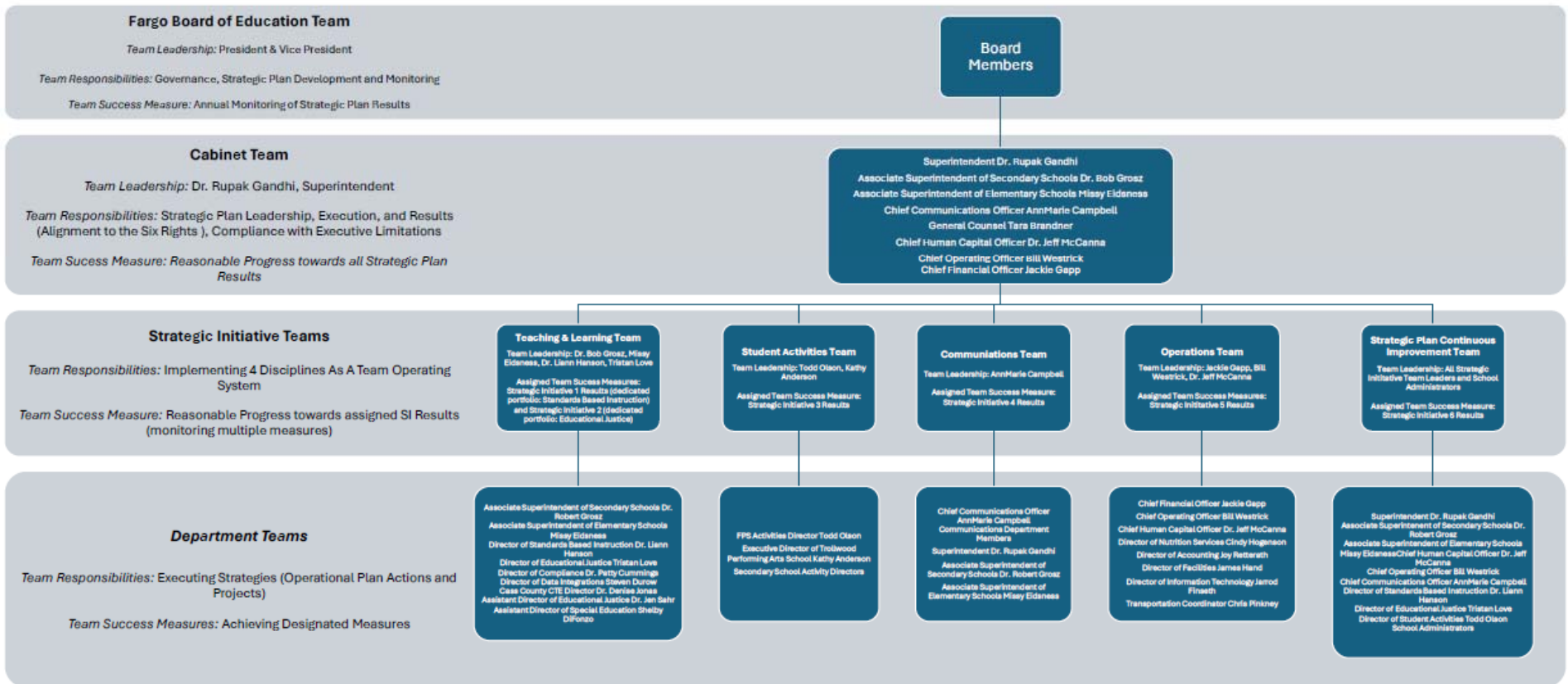
Organizational Chart

For the Year Ended June 30, 2024



## Organizational Structure

*Mission: Educating and Empowering All Students to Succeed*



Each school within Fargo Public Schools develops its own strategic plan that aligns with the district's overarching Strategic and Operational Plan. These individual school plans contribute to the achievement of all district-wide Strategic Initiatives, particularly Strategic Initiative 6. Therefore, school administrators play a crucial role in the success of all strategic initiatives and are integral to the district's overall strategic efforts.

# BOARD OF EDUCATION OF THE CITY OF FARGO

ASBO Certificate of Excellence in Financial Reporting  
For the Year Ended June 30, 2024

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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 Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

**Ryan S. Stechschulte**  
**President**

A handwritten signature in black ink, reading 'James M. Rowan'.

**James M. Rowan, CAE, SFO**  
**CEO/Executive Director**

## **SECTION II**

### **FINANCIAL SECTION**





## Independent Auditor's Report

The School Board of  
Fargo Public Schools  
Fargo, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fargo Public Schools ("the District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, 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.

#### *Basis for Opinions*

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules; combining statement of revenues, expenditures, and changes in fund balances for the nonmajor special revenue funds; comparative balance sheets; combining balance sheet; schedule of fund activity; and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedules; combining statement of revenues, expenditures, and changes in fund balances for the nonmajor special revenue funds; comparative balance sheets; combining balance sheet; schedule of fund activity; and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Fargo Public Schools 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
November 18, 2024

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2024

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The management of the Board of Education of the City of Fargo (also known as "Fargo Public School District" or "District"), offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. The District encourages readers to consider the information presented here in conjunction with the additional information presented in subsequent sections. The intent of this discussion and analysis is to look at the District's overall financial performance.

### Financial Highlights

- The assets and deferred outflows of resources for the Fargo Public School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$42,744,462 (Net Position). Of this amount, \$133,505,055 (Unrestricted Net Position) is a negative number, so it cannot be used to meet ongoing obligations. The other portion of this amount is a positive \$155,344,384 (Net Investment in Capital Assets) and \$20,905,133 (Restricted Net Position).
- Fargo Public School District's total net position increased by \$4,679,279 based on the current year's operations.
- Fargo Public School District's total revenues from all sources were \$240,343,282 while total expenses were \$235,664,003.
- At the close of the current fiscal year, Fargo Public School District's governmental funds reported combined ending fund balances of \$65,446,227, an increase of \$1,280,754 in comparison with the prior year. The amount available for spending through the unassigned fund balance is \$38,381,755, or 58.65%, of total fund balance.

### Overview of the Financial Statements

Management's discussion and analysis (MD&A) 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 similar to a private-sector business.

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

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

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

Figure 1 below summarizes the major features of the District's financial statements, including portions of the District's activities covered and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis (MD&A) highlights the structure and contents of each of the financial 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: <ul style="list-style-type: none"> <li>❑ Food Services</li> <li>❑ Student Activities</li> </ul>	Activities the District operates similar to private businesses: <ul style="list-style-type: none"> <li>❑ Internal Service Fund</li> </ul>
Required Financial Statements	<ul style="list-style-type: none"> <li>❑ Statement of Net Position</li> <li>❑ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>❑ Balance Sheet</li> <li>❑ Statement of Revenues, Expenditures, and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>❑ Statement of Net Position</li> <li>❑ Statement of Revenues, Expenses, and Changes in Net Position</li> <li>❑ Statement of Cash Flows</li> </ul>
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resource Focus	Modified Accrual Accounting and Current Financial Resource Focus	Accrual Accounting and Economic Resource Focus
Type of Asset/Liability Information	All assets and deferred outflows of resources, and liabilities and deferred inflows of resources (Both financial and capital; short-term and long-term)	Generally, assets expected to be consumed and liabilities paid during the year or soon thereafter (No capital assets or long-term liabilities)	All assets and liabilities (Both financial and capital; short-term and long-term)
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

## Fund Financial Statements

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

## Governmental Funds

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

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### 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 statements because the resources of these funds are not available to support the Fargo Public School District.

### Notes to the Financial Statements

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

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's net position is segregated into three categories: Net Investment in Capital Assets, Restricted, and Unrestricted. These assets are not available for future spending. Although the District's Investment in Capital Assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. Restricted net position represents the District's resources that are subject to external restrictions on how they may be utilized. Unrestricted net position represents the remaining resources. The large negative Unrestricted net position balance is solely due to the net pension and OPEB liability and related deferred inflows and outflows of resources. The pension and OPEB obligations are long-term obligations that are not likely to ever be liquidated from the Unrestricted net position and are not obligated out of current resources to pay upcoming obligations. Not considering the effects of pension items, the Unrestricted net position would have decreased from the prior year and would be \$48,948,742. The District believes this amount of Unrestricted net position, not considering the effects of pension and OPEB items, is enough to meet its ongoing obligations.

	2024	2023
<b>Assets</b>		
Current and Non-Current Assets	\$ 85,965,506	\$ 83,565,882
Capital Assets (Net of Depreciation)	252,812,538	255,632,124
Right-to-Use Assets (Net of Amortization)	185,266	213,838
Subscription-Based IT Assets (Net of Amortization)	413,978	457,128
<b>Total Assets</b>	<b>\$ 339,377,288</b>	<b>\$ 339,868,972</b>
<b>Deferred Outflows of Resources</b>		
Derived from Pension and OPEB	\$ 62,927,921	\$ 80,734,044
<b>Liabilities</b>		
Current Liabilities	\$ 6,713,903	\$ 7,695,557
Long-Term Liabilities	306,515,617	339,831,960
<b>Total Liabilities</b>	<b>\$ 313,229,520</b>	<b>\$ 347,527,517</b>
<b>Deferred Inflows of Resources</b>		
Derived from Pension and OPEB	\$ 46,085,130	\$ 34,669,456
Derived from Leases	246,097	340,860
<b>Total Deferred Inflows of Resources</b>	<b>\$ 46,331,227</b>	<b>\$ 35,010,316</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 155,344,384	\$ 150,765,060
Restricted	20,905,133	17,069,665
Unrestricted	(133,505,055)	(129,769,542)
<b>Total Net Position</b>	<b>\$ 42,744,462</b>	<b>\$ 38,065,183</b>

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

Management's Discussion and Analysis (MD&A) – Continued  
 For the Year Ended June 30, 2024

Current and Non-Current Assets increased mainly from the increased amount of cash on hand at the end of the year. Capital Assets decreased mainly due to the decreased amount of construction projects completed during the year compared to last year as 2024 required a full depreciation year of those projects completed in 2023. Right-to-Use Assets decreased during the year with a number of prior year leases ending in the current year. Subscription-Based IT Assets decreased due to a full year of amortization during the current year reducing the remaining net book value of the assets. The Deferred Outflows of Resources decreased with the change in change of assumptions on pension and OPEB investments. Current Liabilities decreased primarily due to the decrease in accounts payable and salaries and benefits payable during the year. Long-Term Liabilities [due within one year] increased due to the increase in bond principal payments due in 2025. Long-Term Liabilities [due after one year] decreased mainly due to the change in net pension and OPEB liability. Deferred Inflows of Resources increased due to the difference between the expected and actual experience and changes of assumptions on pension and OPEB investments. Net Investment in Capital Assets increased due to the decrease in related debt for capital assets in the current year. Restricted Net Position increased mainly as a result of the increase in cash balances in the Capital Projects Fund during the year. Unrestricted Net Position increased mainly as a result of fluctuations in the District's pension and OPEB investments.

Governmental activities increased the Fargo Public School District's net position as of June 30, 2024, by \$4,679,279. Key elements of this increase are as follows:

	2024	2023
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 9,481,100	\$ 8,532,224
Operating Grants and Contributions	37,933,325	37,854,698
General Revenues		
Taxes	82,726,588	74,960,839
State Aid	105,668,443	102,139,533
Gain on Sale of Land	-	2,832,859
Interest and Other Revenue	4,533,826	925,831
Total Revenues	<u>\$ 240,343,282</u>	<u>\$ 227,245,984</u>
<b>Expenses</b>		
Instruction	\$ 158,832,768	\$ 143,557,308
Support Services		
Pupil Services	7,325,083	6,720,296
Instructional Staff Services	6,161,870	5,629,274
General Administration Services	4,117,732	3,380,837
School Administration Services	12,513,439	11,655,098
Business Services	2,640,560	5,386,024
Operations and Maintenance	20,765,763	17,035,928
Pupil Transportation Services	3,209,929	3,345,150
Co-Curricular Services	8,277,171	7,267,313
Food Services	9,025,540	8,357,590
Community Services	323,487	988,477
Interest and Other Charges on Long-Term Debt	2,470,661	2,276,579
Total Expenses	<u>\$ 235,664,003</u>	<u>\$ 215,599,874</u>
Change in Net Position	<u>\$ 4,679,279</u>	<u>\$ 11,646,110</u>
Net Position – July 1	<u>\$ 38,065,183</u>	<u>\$ 26,419,073</u>
Net Position – June 30	<u>\$ 42,744,462</u>	<u>\$ 38,065,183</u>

Total revenues increased mainly from an increase in property taxes as the result of higher assessed property values, increase in state aid, and increase in interest rates during the year. Total expenses increased mainly due to increases in Regular Education Instruction expenses to accommodate student needs.

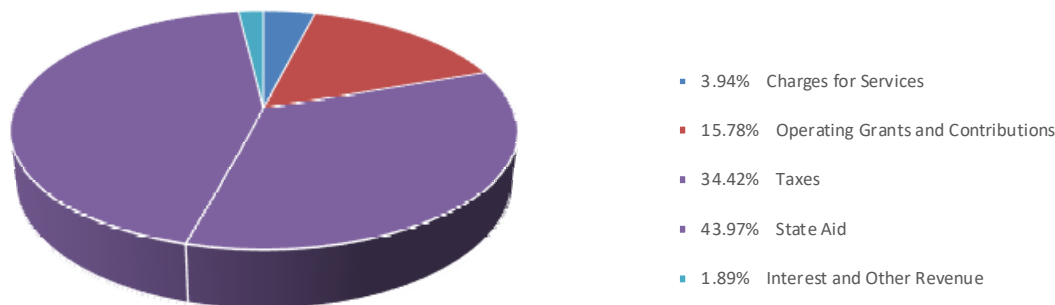
## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

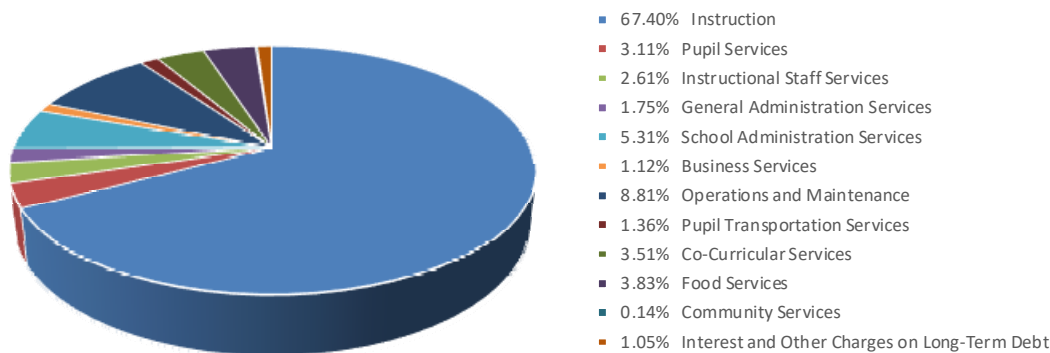
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The following charts present the portion of each category/function of revenues and expenses:

Revenues of the Board of Education of the City of Fargo  
June 30, 2024



Expenses of the Board of Education of the City of Fargo  
June 30, 2024



The District's funding formula places more emphasis on students rather than property. As a result, state per-pupil aid increased this year along with property taxes. The cost of all governmental activities for the year ended June 30, 2024, was \$235,664,003 compared to \$215,599,874 for the year ended June 30, 2023.

- Some of the costs were paid for by the users of the District's programs (\$9,481,100).
- The federal and state governments subsidized certain programs with grants and contributions for operating purposes (\$37,933,325).
- Most of the District's revenues (\$192,928,857) were funded by district taxpayers and the taxpayers of the State of North Dakota and is comprised of property taxes (\$82,726,588), state aid based on the statewide education aid formula (\$105,668,443), and investment earnings and other general revenues (\$4,533,826).

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

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

	2024		2023	
	Total Cost of Service	Net (Expense) Revenue	Total Cost of Service	Net (Expense) Revenue
<i>Instruction:</i>				
Regular Education	\$ 105,280,575	\$ (79,819,847)	\$ 97,598,899	\$ (73,028,774)
Special Education	43,987,446	(37,548,106)	37,039,094	(31,233,057)
Vocational Education	8,188,850	(7,182,970)	7,713,706	(6,772,537)
Adult Education	1,375,897	(503,833)	1,205,609	(170,963)
<i>Support Services:</i>				
Pupil Services	7,325,083	(6,600,539)	6,720,296	(6,135,482)
Instructional Staff Services	6,161,870	(6,161,870)	5,629,274	(5,629,274)
General Administration Services	4,117,732	(4,117,732)	3,380,837	(3,380,837)
School Administration Services	12,513,439	(12,513,439)	11,655,098	(11,655,098)
Business Services	2,640,560	(2,462,168)	5,386,024	(5,207,107)
Operations and Maintenance	20,765,763	(20,619,208)	17,035,928	(16,500,299)
Pupil Transportation Services	3,209,929	(2,247,219)	3,345,150	(2,246,719)
Co-Curricular Activities	8,277,171	(5,167,770)	7,267,313	(4,487,517)
Food Service Outlay	9,025,540	(752,217)	8,357,590	(119,672)
Community Services	323,487	(81,999)	988,477	(369,037)
Interest and Fees on Long-Term Debt	2,470,661	(2,470,661)	2,276,579	(2,276,579)
Total	<u>\$ 235,664,003</u>	<u>\$ (188,249,578)</u>	<u>\$ 215,599,874</u>	<u>\$ (169,212,952)</u>

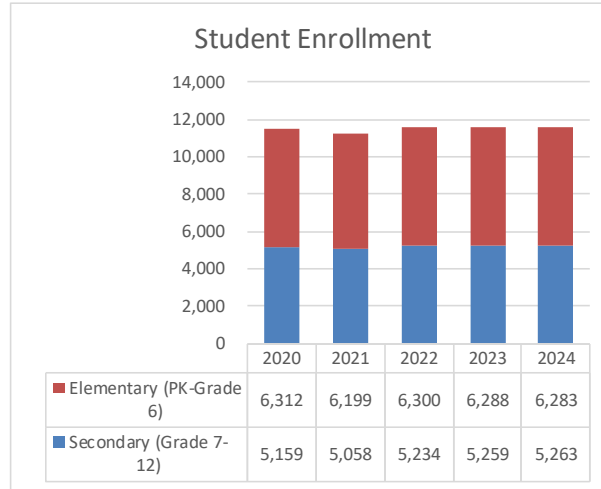
The "Net (Expense) Revenue" columns are calculated by subtracting the total program revenues from the expenses of each function. If the expenses of the District's functions surpass the program revenues, negative numbers result in the Statement of Activities, representing a net expense or net cost to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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

### 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 11,471 in 2020 to 11,546 in 2024. The 2023-24 school year saw consistent enrollment numbers compared to last year. The District saw enrollment numbers return to normal as seen before the COVID-19 pandemic. Due to the continued strong development of new residential areas, the District anticipates the total number of students will continue to increase or remain stable in future years.



The following schedule presents a summary of General Fund revenues:

	Fiscal Year 2024	Fiscal Year 2023	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 74,932,807	\$ 67,026,373	\$ 7,906,434	11.80%
State Sources	110,842,057	107,081,860	3,760,197	3.51%
Federal Sources	27,200,817	29,588,638	(2,387,821)	-8.07%
Other Sources	24,826	74,873	(50,047)	-66.84%
Total Revenue	\$ 213,000,507	\$ 203,771,744	\$ 9,228,763	4.53%

During the 2023-24 fiscal year, total General Fund revenue increased by \$9,228,763, or 4.53%, from the previous fiscal year. Basic general education revenue is determined by a state per-student funding formula and consists of a mix of property taxes and state aid revenue.

The following schedule presents a summary of General Fund expenditures:

	Fiscal Year 2024	Fiscal Year 2023	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Instruction	\$ 151,360,372	\$ 141,428,402	\$ 9,931,970	7.02%
Support Services	56,236,660	52,713,183	3,523,477	6.68%
Capital Outlay	2,767,221	1,629,637	1,137,584	69.81%
Debt Service	306,219	-	306,219	100.00%
Total Expenditures	\$ 210,670,472	\$ 195,771,222	\$ 14,899,250	7.61%

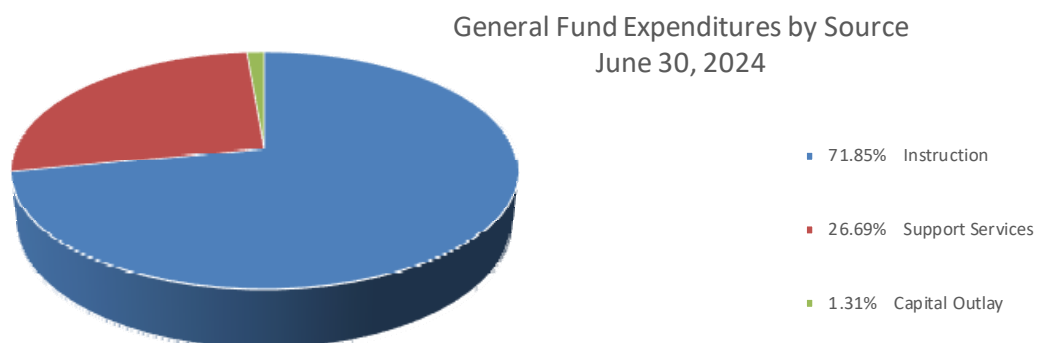
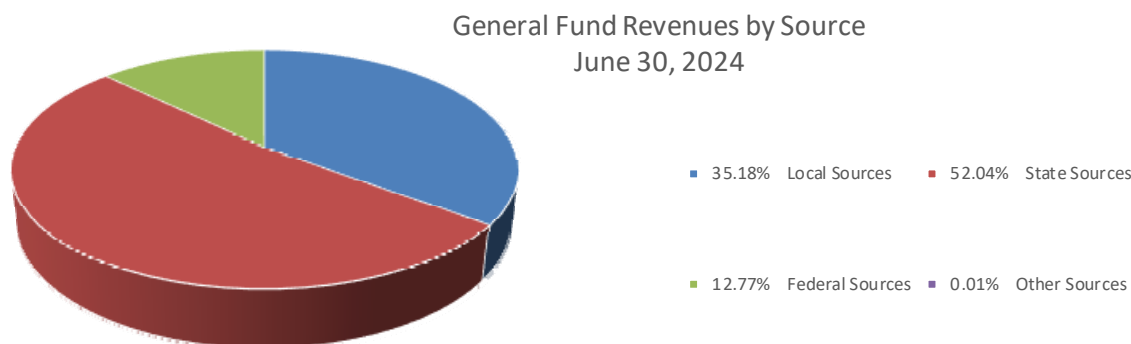
During the 2023-24 fiscal year, total General Fund expenditures increased by \$14,899,250, or 7.61%, from the previous fiscal year. In 2023-24, Instruction costs increased with negotiated salary increases, along with increases in the required contributions to TFFR (Teachers Fund for Retirement).

## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

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During the 2023-24 fiscal year, General Fund expenditures and other financing sources (uses) exceeded revenues by \$2,017,498, resulting in a total fund balance of \$39,060,554, compared to a fund balance of \$41,078,052 in 2022-23.



The General Fund also saw a decrease of \$17,526 in other financing sources (uses) related to the sale of fixed assets during 2023-24.

### General Fund Budgetary Highlights

During the 2023-24 fiscal year, there was a \$1,362,856 increase in appropriations between the original and final revenue budget and \$1,331,296 increase in appropriations between the original and final expenditure budget. The actual revenue amount was less than the final revenue budget amount by \$3,736,814. Most of this difference resulted from lower than projected federal and state grant receipts. The actual expenditure amount was less than the final expenditure budget amount by \$1,229,589. The difference in expenditures from the final budget amount compared to the actual amount was mainly due to lower-than-expected instructional costs.

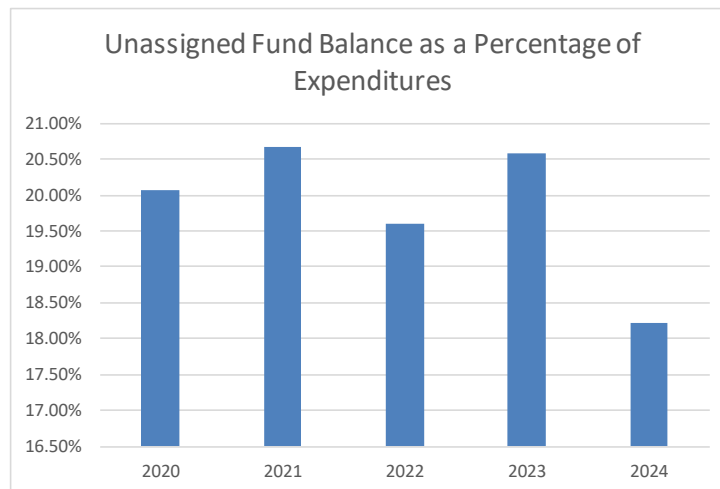
## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

### Summary of General Fund Changes Last Ten Years

Fiscal Year	Beginning Balance	Prior Period Adjustment	Revenues	Expenditures	Other Financing Sources (Uses)	Ending Balance
2015	\$28,228,428	\$ -	\$147,667,513	\$140,783,612	\$ (6,136,488)	\$28,975,841
2016	28,975,841	-	155,901,680	147,458,328	(7,233,839)	30,185,354
2017	30,185,354	-	159,054,370	150,251,090	(7,340,357)	31,648,277
2018	31,648,277	-	160,672,265	153,664,001	(6,720,263)	31,936,278
2019	31,936,278	-	165,139,440	158,494,195	(6,728,656)	31,852,867
2020	31,852,867	-	171,040,884	162,336,912	(7,582,161)	32,974,678
2021	32,974,678	(1,193,831)	185,118,190	176,139,201	(3,756,185)	37,003,651
2022	37,003,651	1,689,630	189,503,993	186,782,550	(4,136,263)	37,278,461
2023	37,278,461	-	203,771,744	195,771,222	(4,200,931)	41,078,052
2024	41,078,052	-	213,000,507	210,670,472	(4,347,533)	39,060,554

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



The graph above is one of the best measures of overall financial health. The unassigned fund balance of \$38,381,755 as of June 30, 2024, represents 18.22% of annual General Fund expenditures. The Board of Education of the City of Fargo established a minimum 10% fund balance reserve goal several years ago to assist with financial stability. It substantially modified that goal to 15% thereafter and has surpassed it since fiscal year 2001-02. This level provides enough unassigned resources to avoid short-term cash flow borrowing by the District.

### DEBT SERVICE FUND

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

There were no Debt Service Fund revenues in the current fiscal year, similar to the previous fiscal year.

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

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

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

	Year Ended June 30, 2024	Year Ended June 30, 2023	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Principal	\$ 6,710,070	\$ 4,697,148	\$ 2,012,922	42.85%
Interest	2,930,653	2,623,472	307,181	11.71%
Fiscal Charges and Fees	4,445	4,754	(309)	-6.50%
Total Expenditures	\$ 9,645,168	\$ 7,325,374	\$ 2,319,794	31.67%

Total Debt Service Fund expenditures increased by \$2,319,794, or 31.67%, from the previous fiscal year. During 2023-24, Debt Service expenditures increased due to there being more bond principal payments due than in 2022-23.

**CAPITAL PROJECTS FUND**

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

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

	Year Ended June 30, 2024	Year Ended June 30, 2023	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 15,251,041	\$ 14,070,716	\$ 1,180,325	8.39%
Sale of Land	-	8,331,939	(8,331,939)	-100.00%
Gain on Sale of Land	-	2,832,859	(2,832,859)	-100.00%
Debt Issuance	-	17,155,000	(17,155,000)	-100.00%
Premium on Sale of Bonds	-	542,073	(542,073)	-100.00%
Total Revenues and Other Financing Sources	\$ 15,251,041	\$ 42,932,587	\$ (27,681,546)	-64.48%

Total Capital Projects Fund revenues and other financing sources decreased by \$27,681,546, or 64.48%, from the previous fiscal year. The primary reason for this decrease was the 2023 Limited Tax Bond issuance in the amount of \$17,155,000 as well as the large land sale agreement, both occurring in 2022-23.

The following schedule presents a summary of Capital Projects Fund expenditures:

	Year Ended June 30, 2024	Year Ended June 30, 2023	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operations and Maintenance	\$ 26,766	\$ 11,791	\$ 14,975	127.00%
Capital Outlay	2,039,890	37,173,228	(35,133,338)	-94.51%
Principal	59,974	174,579	(114,605)	-65.65%
Interest	35,137	29,401	5,736	19.51%
Bond Costs	45,695	248,938	(203,243)	-81.64%
Total Expenditures	\$ 2,207,462	\$ 37,637,937	\$ (35,430,475)	-94.14%

Total Capital Projects Fund expenditures and other financing uses decreased by \$35,430,475, or 94.14%, from the previous fiscal year. The primary reason for this decrease was due to the large land purchase agreement discussed above in 2022-23 as well as the decrease in other capital outlay expenditures during the current fiscal year.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

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### Capital Asset and Debt Administration

#### Capital Assets

As of June 30, 2024, the Fargo Public School District had \$252,812,538 in capital assets (net of accumulated depreciation). These assets include land and improvements, buildings and improvements, equipment and vehicles, and construction in progress.

	2024	2023
Capital Assets (Not Being Depreciated)		
Land and Improvements	\$ 35,758,164	\$ 35,758,164
Construction in Progress	11,730,088	9,491,398
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	199,356,262	205,477,263
Equipment and Vehicles	5,968,024	4,905,299
Total Capital Assets, Net	<u>\$ 252,812,538</u>	<u>\$ 255,632,124</u>

Land remained consistent with the prior year. Construction in Progress increased and Buildings and improvements decreased due to the decrease in construction projects completed in the current year as compared to the prior year. Equipment increased due to the need for new equipment at the various locations throughout the District. More detailed information about capital assets can be found in Note 5 to the financial statements.

#### Right-to-Use Assets

As of June 30, 2024, the Fargo Public School District had \$185,266 in right-to-use assets (net of accumulated amortization). These assets include various *GASB 87* lease agreements the District has entered into.

	2024	2023
Right-to-Use Assets	<u>\$ 185,266</u>	<u>\$ 213,838</u>

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

As of June 30, 2024, the Fargo Public School District had \$413,978 in subscription-based IT assets (net of accumulated amortization). These assets include various *GASB 96* subscription agreements the District has entered into.

	2024	2023
Subscription-Based IT Assets	<u>\$413,978</u>	<u>\$457,128</u>

## BOARD OF EDUCATION OF THE CITY OF FARGO

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

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### Long-Term Liabilities

At the end of the current fiscal year, the District had \$306,515,617 in long-term liabilities. Of this amount, \$95,006,176 is long-term debt and \$7,655,983 of that long-term debt is the current liability due within one year that consists of bonds payable and special assessments payable. The Fargo Public School District decreased its existing debt obligations by \$33,316,343 this year. The key factors for this decrease were the large bond issuance in the prior year and the decrease in net pension and OPEB liability this year. More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements.

	2024	2023
Long-Term Bond Premium	\$ 3,625,246	\$ 4,304,692
Long-Term Debt		
General Obligation Bonds Payable	\$ 94,442,153	\$ 100,862,223
Special Assessments Payable	564,023	586,011
Building Authority Revenue Bonds Payable	-	290,000
Total Long-Term Debt	\$ 95,006,176	\$ 101,738,234
Long-Term Payroll Liabilities		
Vacation Payable	\$ 536,977	\$ 501,790
Unused Personal Leave Payable	860,917	788,831
Legacy Sick Leave Longevity Payable	213,114	345,817
PTO Payable	503,483	445,410
Paid Leave System Payable	5,894,958	5,196,781
Total Long-Term Payroll Liabilities	\$ 8,009,449	\$ 7,278,629
Long-Term Lease Liability	\$ 169,382	\$ 205,897
Long-Term SBITA Liability	\$ 408,776	\$ 379,226
Net Pension and OPEB Liability	\$ 199,296,588	\$ 225,925,282
Total Long-Term Liabilities	\$ 306,515,617	\$ 339,831,960

### Economic Factors and Next Year's Budget

The Fargo Public School District considers many factors when setting the fiscal year 2024-25 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 is expected to increase by 5.0% from the prior year. The local economy is strong, and the City of Fargo continues to grow in population. Future growth is predicted to remain consistent in future years.

One of the District's primary sources of revenue is from the State of North Dakota and is based on a per pupil payment funding formula. The 2023 legislative session provided a 4% increase in funding rate for fiscal year 2025, or \$11,072 per weighted average daily membership (ADM), prior to funding formula offsets. Federal revenues will decrease due to the end of Elementary and Secondary School Emergency Relief (ESSER) funding.

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

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

Management's Discussion and Analysis (MD&A) – Continued  
For the Year Ended June 30, 2024

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### **Requests for Information**

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

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

**SECTION II-A**

**BASIC FINANCIAL STATEMENTS**



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statements of Net Position

June 30, 2024 (Summarized Comparative Totals 2023)

	Governmental Activities	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 70,501,209	\$ 65,208,561
Accounts Receivable	821,410	1,101,401
Taxes Receivable	4,347,922	3,582,125
Intergovernmental Receivable	7,437,370	10,334,705
Lease Receivable	90,785	97,270
Due from County Treasurer	141,439	167,092
Prepaid Items	19,098	-
Inventories	829,786	862,456
Notes Receivable	1,500,000	345,000
Total Current Assets	\$ 85,689,019	\$ 81,698,610
Non-Current Assets		
Lease Receivable	\$ 211,487	\$ 302,272
Notes Receivable	65,000	1,565,000
Capital Assets (Not Being Depreciated)		
Land	35,758,164	35,758,164
Construction in Progress	11,730,088	9,491,398
Capital Assets (Net of Accumulated Depreciation)		
Buildings and Improvements	199,356,262	205,477,263
Equipment and Vehicles	5,968,024	4,905,299
Right-to-Use Assets (Net of Accumulated Amortization)		
Right-to-Use Assets	185,266	213,838
Subscription-Based IT Assets (Net of Accumulated Amortization)		
Subscription-Based IT Assets	413,978	457,128
Total Non-Current Assets	\$ 253,688,269	\$ 258,170,362
Total Assets	\$ 339,377,288	\$ 339,868,972
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	\$ 62,927,921	\$ 80,734,044
Total Assets and Deferred Outflows of Resources	\$ 402,305,209	\$ 420,603,016
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 2,894,144	\$ 3,459,774
Salaries and Benefits Payable	756,449	1,040,802
Due to Other Agencies	57,138	94,127
Contracts Payable	124,400	382,596
IBNR Claims	1,395,179	1,285,869
Interest Payable	1,271,772	1,137,595
Unearned Revenue - Food Service Commodity Inventory	50,583	105,383
Unearned Revenue - Food Service Lunch Credits	164,238	189,411
Total Current Liabilities	\$ 6,713,903	\$ 7,695,557
Long-Term Liabilities		
Due Within One Year		
Long-Term Bond Premium	\$ 679,446	\$ 715,719
Long-Term Lease Liability	94,616	82,886
Long-Term SBITA Liability	237,088	146,888
Long-Term Debt	7,655,983	6,732,059
Due After One Year		
Long-Term Bond Premium	2,945,800	3,588,973
Long-Term Lease Liability	74,766	123,011
Long-Term SBITA Liability	171,688	232,338
Long-Term Debt	87,350,193	95,006,175
Long-Term Payroll Liabilities	8,009,449	7,278,629
Net Pension and OPEB Liability	199,296,588	225,925,282
Total Long-Term Liabilities	\$ 306,515,617	\$ 339,831,960
Total Liabilities	\$ 313,229,520	\$ 347,527,517
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	\$ 46,085,130	\$ 34,669,456
Derived from Leases	246,097	340,860
Total Deferred Inflows of Resources	\$ 46,331,227	\$ 35,010,316
Total Liabilities and Deferred Inflows of Resources	\$ 359,560,747	\$ 382,537,833
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 155,344,384	\$ 150,765,060
Restricted		
Capital Projects	20,905,133	16,904,238
Debt Service	-	165,427
Unrestricted	(133,505,055)	(129,769,542)
Total Net Position	\$ 42,744,462	\$ 38,065,183

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statements of Activities

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

Functions/Programs	2024				2023	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities</b>						
Instruction						
Regular Education	\$ 105,280,575	\$ 1,489,791	\$ 23,970,937	\$ -	\$ (79,819,847)	\$ (73,028,774)
Special Education	43,987,446	525,529	5,913,811	-	(37,548,106)	(31,233,057)
Vocational Education	8,188,850	150,553	855,327	-	(7,182,970)	(6,772,537)
Adult Education	1,375,897	19,181	852,883	-	(503,833)	(170,963)
Support Services						
Pupil Services	7,325,083	724,544	-	-	(6,600,539)	(6,135,482)
Instructional Staff Services	6,161,870	-	-	-	(6,161,870)	(5,629,274)
General Administration Services	4,117,732	-	-	-	(4,117,732)	(3,380,837)
School Administration Services	12,513,439	-	-	-	(12,513,439)	(11,655,098)
Business Services	2,640,560	178,392	-	-	(2,462,168)	(5,207,107)
Operations and Maintenance	20,765,763	146,555	-	-	(20,619,208)	(16,500,299)
Pupil Transportation Services	3,209,929	-	962,710	-	(2,247,219)	(2,246,719)
Co-Curricular Activities	8,277,171	2,699,940	409,461	-	(5,167,770)	(4,487,517)
Food Services Outlay	9,025,540	3,305,127	4,968,196	-	(752,217)	(119,672)
Community Services	323,487	241,488	-	-	(81,999)	(369,037)
Interest and Fees on Long-Term Debt	2,470,661	-	-	-	(2,470,661)	(2,276,579)
<b>Total Governmental Activities</b>	<b>\$ 235,664,003</b>	<b>\$ 9,481,100</b>	<b>\$ 37,933,325</b>	<b>\$ -</b>	<b>\$ (188,249,578)</b>	<b>\$ (169,212,952)</b>
<b>General Revenues</b>						
Taxes						
Property Taxes - Levied for General Purposes					\$ 65,291,243	\$ 59,759,099
Property Taxes - Levied for Debt Purposes					14,084,943	13,009,553
Other Tax Revenue					3,350,402	2,192,187
State Aid Not Restricted to Specific Program						
Per Pupil Aid					105,668,443	102,139,533
Gain on Sale of Land					-	2,832,859
Interest Income and Other Revenue					4,533,826	925,831
<b>Total General Revenues</b>					<b>\$ 192,928,857</b>	<b>\$ 180,859,062</b>
<b>Change in Net Position</b>					<b>\$ 4,679,279</b>	<b>\$ 11,646,110</b>
<b>Net Position - July 1</b>					<b>\$ 38,065,183</b>	<b>\$ 26,419,073</b>
<b>Net Position - June 30</b>					<b>\$ 42,744,462</b>	<b>\$ 38,065,183</b>

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Balance Sheets – Governmental Funds

June 30, 2024 (Summarized Comparative Totals 2023)

	Major Funds				Total Governmental Funds	
	General	Debt	Capital	Other	2024	2023
	Fund	Service Fund	Projects Fund	Governmental Funds		
<b>ASSETS</b>						
Cash and Cash Equivalents	\$34,144,264	\$ -	\$20,343,985	\$6,370,008	\$60,858,257	\$57,715,287
Accounts Receivable	88,766	-	750	48,099	137,615	216,616
Taxes Receivable	3,575,808	-	772,114	-	4,347,922	3,582,125
Intergovernmental Receivable	7,382,518	-	3,200	51,652	7,437,370	10,334,705
Lease Receivable	302,272	-	-	-	302,272	399,542
Due from County Treasurer	116,311	-	25,128	-	141,439	167,092
Notes Receivable	-	-	1,565,000	-	1,565,000	1,910,000
Prepaid Items	-	-	-	19,098	19,098	81,116
Inventories	678,799	-	-	150,987	829,786	862,456
<b>Total Assets</b>	<b>\$46,288,738</b>	<b>\$ -</b>	<b>\$22,710,177</b>	<b>\$6,639,844</b>	<b>\$75,638,759</b>	<b>\$75,268,939</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$2,615,967	\$ -	\$115,644	\$149,094	\$2,880,705	\$3,458,162
Salaries and Benefits Payable	733,174	-	-	23,275	756,449	1,040,802
Contracts Payable	-	-	124,400	-	124,400	382,596
Due to Other Agencies	57,138	-	-	-	57,138	94,127
Unearned Revenue - Food Service Commodity Inventory	-	-	-	50,583	50,583	105,383
Unearned Revenue - Food Service Lunch Credits	-	-	-	164,238	164,238	189,411
<b>Total Liabilities</b>	<b>\$3,406,279</b>	<b>\$ -</b>	<b>\$240,044</b>	<b>\$387,190</b>	<b>\$4,033,513</b>	<b>\$5,270,481</b>
<b>Deferred Inflows of Resources</b>						
Uncollected Taxes Receivable	\$3,575,808	\$ -	\$772,114	\$ -	\$4,347,922	\$3,582,125
Uncollected Notes Receivable	-	-	1,565,000	-	1,565,000	1,910,000
Leases	246,097	-	-	-	246,097	340,860
<b>Total Deferred Inflows of Resources</b>	<b>\$3,821,905</b>	<b>\$ -</b>	<b>\$2,337,114</b>	<b>\$ -</b>	<b>\$6,159,019</b>	<b>\$5,832,985</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$7,228,184</b>	<b>\$ -</b>	<b>\$2,577,158</b>	<b>\$387,190</b>	<b>\$10,192,532</b>	<b>\$11,103,466</b>
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Inventories	\$678,799	\$ -	\$ -	\$150,987	\$829,786	\$862,456
Prepaid Items	-	-	-	19,098	19,098	81,116
<b>Restricted</b>						
Debt Service	-	-	-	-	-	165,427
Capital Projects	-	-	20,133,019	-	20,133,019	16,263,827
<b>Committed</b>						
Special Revenue	-	-	-	6,082,569	6,082,569	6,507,334
<b>Unassigned</b>						
General	38,381,755	-	-	-	38,381,755	40,285,313
<b>Total Fund Balances</b>	<b>\$39,060,554</b>	<b>\$ -</b>	<b>\$20,133,019</b>	<b>\$6,252,654</b>	<b>\$65,446,227</b>	<b>\$64,165,473</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$46,288,738</b>	<b>\$ -</b>	<b>\$22,710,177</b>	<b>\$6,639,844</b>	<b>\$75,638,759</b>	<b>\$75,268,939</b>

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

For the Year Ended June 30, 2024

**Total Fund Balances - Governmental Funds** \$ 65,446,227

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

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

Cost of Capital Assets	\$ 365,375,532	
Less Accumulated Depreciation	<u>(112,562,994)</u>	252,812,538

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

Cost of Right-to-Use Assets	\$ 517,974	
Less Accumulated Amortization	<u>(332,708)</u>	185,266

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

Cost of Subscription-Based IT Assets	\$ 733,769	
Less Accumulated Amortization	<u>(319,791)</u>	413,978

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

Taxes Receivable	\$ 4,347,922	
Notes Receivable	<u>1,565,000</u>	5,912,922

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

Deferred Outflows Related to Pensions and OPEB	\$ 62,927,921	
Deferred Inflows Related to Pensions and OPEB	<u>(46,085,130)</u>	16,842,791

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

Long-Term Debt	\$ (95,006,176)	
Interest Payable	(1,271,772)	
Long-Term Payroll Liabilities	(8,009,449)	
Bond Premium	(3,625,246)	
Lease Liability	(169,382)	
SBITA Liability	(408,776)	
Net Pension and OPEB Liability	<u>(199,296,588)</u>	(307,787,389)

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

8,918,129

**Total Net Position - Governmental Activities** \$ 42,744,462

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Major Funds				Total Governmental Funds	
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	2024	2023
<b>REVENUES</b>						
Local Sources	\$ 74,932,807	\$ -	\$ 15,251,041	\$ 6,708,115	\$ 96,891,963	\$ 87,260,360
State Sources	110,842,057	-	-	167,566	111,009,623	107,150,543
Federal Sources	27,200,817	-	-	4,717,633	31,918,450	34,470,572
Other Sources	24,826	-	-	-	24,826	74,873
Total Revenues	\$213,000,507	\$ -	\$ 15,251,041	\$ 11,593,314	\$ 239,844,862	\$ 228,956,348
<b>EXPENDITURES</b>						
Current						
Instruction						
Regular Education	\$ 99,578,679	\$ -	\$ -	\$ -	\$ 99,578,679	\$ 97,204,009
Special Education	42,556,197	-	-	-	42,556,197	35,636,742
Vocational Education	7,907,560	-	-	-	7,907,560	7,394,188
Adult Education	1,317,936	-	-	-	1,317,936	1,193,463
Support Services						
Pupil Services	7,092,325	-	-	-	7,092,325	6,471,239
Instructional Staff Services	5,950,529	-	-	-	5,950,529	5,391,207
General Administration Services	3,976,658	-	-	-	3,976,658	3,225,874
School Administration Services	12,066,672	-	-	-	12,066,672	11,176,324
Business Services	2,562,926	-	-	-	2,562,926	5,136,770
Operations and Maintenance	20,855,499	-	26,766	-	20,882,265	16,878,957
Pupil Transportation Services	3,118,197	-	-	-	3,118,197	3,190,547
Co-Curricular Activities	296,323	-	-	7,630,138	7,926,461	6,971,561
Food Services Outlay	-	-	-	8,825,731	8,825,731	8,156,036
Community Services	317,531	-	-	-	317,531	978,519
Capital Outlay	2,767,221	-	2,039,890	-	4,807,111	39,110,450
Debt Service						
Principal	306,219	6,710,070	59,974	-	7,076,263	4,871,727
Interest	-	2,930,653	35,137	-	2,965,790	2,652,873
Fiscal Charges and Fees	-	4,445	45,695	-	50,140	253,692
Total Expenditures	\$210,670,472	\$ 9,645,168	\$ 2,207,462	\$ 16,455,869	\$ 238,978,971	\$ 255,894,178
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,330,035	\$ (9,645,168)	\$ 13,043,579	\$ (4,862,555)	\$ 865,891	\$ (26,937,830)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	\$ 350,000	\$ 9,479,741	\$ 6,000,000	\$ 4,807,042	\$ 20,636,783	\$ 18,182,818
Transfers Out	(5,112,396)	-	(15,174,387)	(350,000)	(20,636,783)	(18,182,818)
Right-to-Use Asset Proceeds	54,685	-	-	-	54,685	-
Subscription-Based IT Asset Proceeds	282,555	-	-	-	282,555	-
Sale of Land	-	-	-	-	-	8,331,939
Gain on Sale of Land	-	-	-	-	-	2,832,859
Debt Issuance	-	-	-	-	-	17,155,000
Premium on Sale of Bonds	-	-	-	-	-	542,073
Sale of Assets	77,623	-	-	-	77,623	95,149
Total Other Financing Sources and Uses	\$ (4,347,533)	\$ 9,479,741	\$ (9,174,387)	\$ 4,457,042	\$ 414,863	\$ 28,957,020
Net Change in Fund Balances	\$ (2,017,498)	\$ (165,427)	\$ 3,869,192	\$ (405,513)	\$ 1,280,754	\$ 2,019,190
Fund Balances - July 1	\$ 41,078,052	\$ 165,427	\$ 16,263,827	\$ 6,658,167	\$ 64,165,473	\$ 62,146,283
Fund Balances - June 30	\$ 39,060,554	\$ -	\$ 20,133,019	\$ 6,252,654	\$ 65,446,227	\$ 64,165,473

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, 2024

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,280,754

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

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

Capital Asset Additions	\$ 4,469,871	
Depreciation Expense	(7,108,693)	(2,638,822)

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

Right-to-Use Asset Additions	\$ 54,685	
Amortization Expense	(83,257)	(28,572)

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

Subscription-Based IT Asset Additions	\$ 282,555	
Amortization Expense	(244,589)	37,966

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

(180,764)

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

Repayment of Long-Term Debt	6,732,058
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Bond premium amortization is a reduction and to interest expense, respectively, as they are amortized over the life of the outstanding bonds using the straight-line method.

679,446

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

Net Change in Long-Term Payroll Liabilities	\$ (730,820)	
Net Change in Long-Term Lease Liability	36,515	
Net Change in Long-Term SBITA Liability	(29,550)	
Net Change in Interest Payable	(134,177)	(858,032)

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

Net Change in Net Pension and OPEB Liability	\$ 26,628,694	
Net Change in Deferred Outflows of Resources	(17,806,123)	
Net Change in Deferred Inflows of Resources	(11,415,674)	(2,593,103)

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

Net Change in Taxes Receivable	\$ 765,797	
Net Change in Notes Receivable	(345,000)	420,797

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

1,827,551

**Change in Net Position of Governmental Activities** \$ 4,679,279

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

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

Statements of Net Position - Proprietary Fund

June 30, 2024 (Summarized Comparative Totals 2023)

	Internal Service Fund	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 9,642,952	\$ 7,493,274
Accounts Receivable	683,795	884,785
Total Current Assets	\$ 10,326,747	\$ 8,378,059
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 13,439	\$ 1,612
IBNR Claims	1,395,179	1,285,869
Total Current Liabilities	\$ 1,408,618	\$ 1,287,481
<b>NET POSITION</b>		
Unrestricted	\$ 8,918,129	\$ 7,090,578

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

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

Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

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	Internal Service Fund	
	2024	2023
<b>OPERATING REVENUES</b>		
Contributions to Self-Insurance	<u>\$ 21,843,505</u>	<u>\$ 23,409,721</u>
<b>OPERATING EXPENSES</b>		
Health Insurance Claims	\$ 17,497,057	\$ 17,692,384
Administrative Fees	<u>2,518,897</u>	<u>1,836,667</u>
Total Operating Expenses	<u>\$ 20,015,954</u>	<u>\$ 19,529,051</u>
Operating Income	<u>\$ 1,827,551</u>	<u>\$ 3,880,670</u>
Net Position - July 1	<u>\$ 7,090,578</u>	<u>\$ 3,209,908</u>
Net Position - June 30	<u>\$ 8,918,129</u>	<u>\$ 7,090,578</u>

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

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

Statements of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Internal Service Fund	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from User Charges	\$ 22,044,496	\$22,539,674
Payments for Health Insurance Claims and Administrative Fees	<u>(19,894,818)</u>	<u>(20,644,628)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,149,678</u>	<u>\$ 1,895,046</u>
Cash and Cash Equivalents - July 1	<u>\$ 7,493,274</u>	<u>\$ 5,598,228</u>
Cash and Cash Equivalents - June 30	<u><u>\$ 9,642,952</u></u>	<u><u>\$ 7,493,274</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 1,827,551	\$ 3,880,670
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Net Change in Accounts Receivable	200,991	(870,047)
Net Change in Accounts Payable	11,826	(326,979)
Net Change in IBNR Claims Payable	<u>109,310</u>	<u>(788,598)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,149,678</u></u>	<u><u>\$ 1,895,046</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 Net Position - Fiduciary Funds

June 30, 2024

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	Custodial Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 6,334</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$ -</u>
<b>NET POSITION</b>	
Restricted	
Funds Held for Other Entities	<u>\$ 6,334</u>

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

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

## Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the Year Ended June 30, 2024

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Miscellaneous Collections	<u>\$ -</u>
<b>DEDUCTIONS</b>	
Miscellaneous Disbursements	<u>\$ 595</u>
Net (Decrease) Increase in Fiduciary Net Position	<u>\$ (595)</u>
Net Position - Beginning	<u>\$ 6,929</u>
Net Position - Ending	<u>\$ 6,334</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, 2024

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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 the generally accepted accounting principles (GAAP) of the United States of America 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 specific School District accounting policies are described below.

### Reporting Entity

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

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

### Blended Component Unit

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

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

### Basis of Presentation and Basis of Accounting

*Government-Wide Financial Statements* - The statement of net position and the statement of activities display information about the primary government, the Board of Education of the City of Fargo. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-recording 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 District's governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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The Fargo Public School District reports the following major governmental funds:

*General Fund* - This is the 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 District reports the following fund types:

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

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

### Measurement Focus and Basis of Accounting

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements* - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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 District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. All revenues are susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the 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 District's policy to first apply cost-reimbursement grant resources to such programs, and then use general revenues.

### Summarized Comparative Information

These financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the District's financial statements for the year-ended June 30, 2023, from which the summarized information was derived.

### Budgets

Based on available financial information and requests by the School Board, the Chief Financial Officer prepares the District's budget, with assistance from the Director of Accounting and District Accountant. The budget is prepared for the General, Special Revenue, Debt Service, and Capital Projects Funds on the modified accrual basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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The District's taxes must be levied by the governing body and preliminarily certified to the County Auditor by August 10<sup>th</sup>. The governing body of the District may amend its tax levy and budget for the current fiscal year, but the certification must be filed final to the County Auditor by October 10<sup>th</sup>. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

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

### Cash and Cash Equivalents

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

### Inventories

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

The valuation of food service commodity inventory is established by the USDA and provided to the District. Commodity inventory of \$50,583 was reported as unearned revenue on June 30, 2024.

### Prepaid Items

Prepaid items are expenses paid for in the current accounting period, but for which the underlying asset will not be entirely consumed until a future period. The District accounts for prepayments using the consumption method.

### Capital Assets

Capital assets, which include land and improvements, building and improvements, equipment and vehicles, and construction in progress, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or extend assets useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets is not capitalized.

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

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

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

Land and construction in progress are not depreciated.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### Right-to-Use Leased Assets

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 30 years for these assets.

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

Right-to-use subscription-based IT assets are recognized at the subscription commencement date and represent an entity's right to use the underlying IT asset for the subscription term. Right-to-use subscription-based IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription-based IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period is 3 years for these assets.

### Lease Receivables

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

### Compensated Absences

#### Vacation Leave

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

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

#### Personal Leave

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### Sick Leave

Sick leave benefits are provided to all employees who are employed for four or more hours per day. All twelve-month employees receive 15 sick days per year. Teachers, OT/PT's, and all other nine/ten-month employees, receive twelve sick days per year. Sick leave benefits are prorated based on the number of months of employment for employees whose employment starts after the normal starting date. Under the prior teacher and OT/PT contracts, two categories of sick leave were established: Legacy Sick Leave and Sick Leave. Any unused accumulated sick leave at the end of the 2010-11 school year was reclassified as Legacy Sick Leave. Employees who were employed before this date may have a balance of Legacy Sick Leave. Legacy Sick Leave benefits could accumulate up to a maximum of 180 days for regular District employees and 246 days for administrators. Sick days taken during the 2011-12 fiscal year and forward will be taken from the Legacy Sick Leave balance first, if available. When the employee's Legacy Sick Leave balance is reduced to zero, the days will then come off their Sick Leave balance. Starting with the 2012-13 contracts, an employee's sick leave will be added to their Sick Leave category, not the Legacy Sick Leave. Any unused sick leave can accumulate year after year with a maximum accumulation of 150 days.

Following the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits for regular employees. Teachers and OT/PT's have the option to sell back some or all of their next year's sick leave credit (no more than the number of days to be earned) once they have accumulated a minimum of 65 days. Support staff also have this option once a minimum of 90 days (Legacy Sick Leave and/or Sick Leave combined) has been accumulated. Employees who elect to sell back their coming year's sick leave balance over the 65/90 day minimum, are making an irrevocable election to do so and will be paid for them at 50% of their current daily rate in January of the following year.

### Emergency Leave

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

### **Pensions**

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

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

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

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as they incur.

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

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

### Fund Balance

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

*Minimum Fund Balance Policy* - The Board of Education of the City of Fargo established a minimum 10% general fund reserve goal several years ago to help with financial stability. It substantially modified that goal to 15% thereafter and has surpassed it since the fiscal year 2001-02. This level provides enough unassigned resources to avoid short-term cash flow borrowing by the District. The unassigned General Fund balance of \$38,381,755 as of June 30, 2024 represents 18.25% of annual General Fund expenditures.

*Nonspendable Fund Balances* - Nonspendable fund balances consist of inventories and prepaid items.

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

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

*Unassigned Fund Balances* - Unassigned fund balances are residual amounts in the General Fund not reported in any other classification. Unassigned amounts in the General Fund are technically available for expenditure for any purpose.

### Net Position

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

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

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

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

### Interfund Transactions

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

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

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

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on fund balance or net position.

### **NOTE 2: DEPOSITS AND INVESTMENTS**

#### **Custodial Credit Risk**

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

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

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

At the year ended June 30, 2024, the Fargo Public School District's carrying amount of all deposits, (less \$550 in petty cash held at the schools), was \$70,506,994 and the bank balances were \$73,049,315. Of the bank balances, \$72,500,047 was covered by Federal Depository Insurance. The remaining balances are collateralized with securities held by the pledging financial institution's agent in the District's name.

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

Property taxes are levied as of January 1<sup>st</sup> each year. The property taxes attach as an enforceable lien on the property on January 1<sup>st</sup> and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes due. The first installment is due March 1<sup>st</sup>, and the second installment is due October 15<sup>th</sup>. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15<sup>th</sup>. After the October 15<sup>th</sup> due date, the bill becomes delinquent, and penalties are assessed. Taxes receivable as of June 30, 2024, were \$4,347,922.

### **NOTE 4: PREPAID ITEMS**

The District occasionally prepays health, dental, and vision insurance premiums based on the timing of payroll. There were no prepaid items related to these costs during the year; however, the District had prepaid items totaling \$19,098 as of June 30, 2024, related to contracts entered into towards the end of the year for the District's performing arts school's summer performances.

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

The following is a summary of changes in capital/right-to-use/SBITA assets for the year ended June 30, 2024:

	Balance Jul 1	Increases	Decreases	Transfers	Balance Jun 30
<i>Capital assets not being depreciated</i>					
Land	\$ 35,758,164	\$ -	\$ -	\$ -	\$ 35,758,164
Construction in Progress	9,491,398	2,552,211	-	(313,521)	11,730,088
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 45,249,562</b>	<b>\$ 2,552,211</b>	<b>\$ -</b>	<b>\$ (313,521)</b>	<b>\$ 47,488,252</b>
<i>Capital assets being depreciated</i>					
Buildings and Improvements	\$ 303,393,779	\$ -	\$ 335,318	\$ 313,521	\$ 303,371,982
Vehicles and Equipment	12,803,490	1,917,660	205,852	-	14,515,298
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 316,197,269</b>	<b>\$ 1,917,660</b>	<b>\$ 541,170</b>	<b>\$ 313,521</b>	<b>\$ 317,887,280</b>
<i>Less Accumulated Depreciation for</i>					
Buildings and Improvements	\$ 97,916,516	\$ 6,264,789	\$ 165,585	\$ -	\$ 104,015,720
Vehicles and Equipment	7,898,191	843,904	194,821	-	8,547,274
<b>Total Accumulated Depreciation</b>	<b>\$ 105,814,707</b>	<b>\$ 7,108,693</b>	<b>\$ 360,406</b>	<b>\$ -</b>	<b>\$ 112,562,994</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 210,382,562</b>	<b>\$ (5,191,033)</b>	<b>\$ 180,764</b>	<b>\$ 313,521</b>	<b>\$ 205,324,286</b>
<b>Capital Assets, Net</b>	<b>\$ 255,632,124</b>	<b>\$ (2,638,822)</b>	<b>\$ 180,764</b>	<b>\$ -</b>	<b>\$ 252,812,538</b>

	Balance Jul 1	Increases	Decreases	Transfers	Balance Jun 30
<i>Right-to-use assets being amortized</i>					
Right-to-Use Assets	\$ 463,289	\$ 54,685	\$ -	\$ -	\$ 517,974
<b>Total Right-to-Use Assets, Being Amortized</b>	<b>\$ 463,289</b>	<b>\$ 54,685</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 517,974</b>
<i>Less Accumulated Amortization for</i>					
Right-to-Use Assets	\$ 249,451	\$ 83,257	\$ -	\$ -	\$ 332,708
<b>Total Right-to-Use Accumulated Amortization</b>	<b>\$ 249,451</b>	<b>\$ 83,257</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332,708</b>
<b>Total Right-to-Use Assets Being Amortized, Net</b>	<b>\$ 213,838</b>	<b>\$ (28,572)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 185,266</b>

	Balance Jul 1	Increases	Decreases	Transfers	Balance Jun 30
<i>Right-to-use subscription IT assets being amortized</i>					
SBITA Assets	\$ 532,330	\$ 282,555	\$ 81,116	\$ -	\$ 733,769
<b>Total Subscription IT Assets, Being Amortized</b>	<b>\$ 532,330</b>	<b>\$ 282,555</b>	<b>\$ 81,116</b>	<b>\$ -</b>	<b>\$ 733,769</b>
<i>Less Accumulated Amortization for</i>					
SBITA Assets	\$ 75,202	\$ 244,589	\$ -	\$ -	\$ 319,791
<b>Total Subscription Accumulated Amortization</b>	<b>\$ 75,202</b>	<b>\$ 244,589</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 319,791</b>
<b>Total Subscription IT Assets Being Amortized, Net</b>	<b>\$ 457,128</b>	<b>\$ 37,966</b>	<b>\$ 81,116</b>	<b>\$ -</b>	<b>\$ 413,978</b>
<b>Total Accumulated Amortization</b>	<b>\$ 324,653</b>	<b>\$ 327,846</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 652,499</b>
<b>Total Capital Assets, Right-to-Use Assets, and Subscription IT Assets, Net</b>	<b>\$ 256,303,090</b>	<b>\$ (2,629,428)</b>	<b>\$ 261,880</b>	<b>\$ -</b>	<b>\$ 253,411,782</b>

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

Depreciation and Amortization by Function	Depreciation	Amortization
Regular Education	\$ 2,752,056	\$ -
Special Instruction Education	1,146,783	-
Vocational Education	212,826	-
Adult Education	35,471	-
Pupil Services	190,884	-
Instructional Staff Services	160,154	-
General Administration Services	107,029	-
School Administration Services	384,979	-
Business Services	185,199	327,846
Operations and Maintenance	1,143,856	-
Pupil Transportation Services	83,924	-
Co-Curricular Activities	330,315	-
Food Services Outlay	366,671	-
Community Services	8,546	-
<b>Total Depreciation and Amortization by Function</b>	<b>\$ 7,108,693</b>	<b>\$ 327,846</b>

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

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

**NOTE 6: BOND PREMIUM**

The following is a summary of changes in bond premiums for the year ended June 30, 2024:

	Balance July 1	Addition	Bond Premium Amortization	Balance June 30
2015 \$9.835M Limited Tax Refunding Bond	\$ 57,963	\$ -	\$ 12,880	\$ 45,083
2015B \$9.750M Limited Tax Refunding Bond	48,155	-	13,759	34,396
2016A \$9.160M Limited Tax Refunding Bond	225,548	-	16,707	208,841
2016B \$14.310M Limited Tax Refunding Bond	469,421	-	312,948	156,473
2017 \$8.795M Limited Tax Refunding Bond	96,048	-	96,048	-
2018 \$14.00M Limited Tax Bond	1,332,529	-	85,970	1,246,559
2019 \$18.475M Limited Tax Refunding Bond	542,986	-	57,157	485,829
2020 \$11.205 Limited Tax Bond	863,185	-	49,325	813,860
2022A \$7.920M Limited Tax Bond	126,784	-	6,853	119,931
2023 \$17.155M Limited Tax Bond	542,073	-	27,799	514,274
Total Bond Premium	\$ 4,304,692	\$ -	\$ 679,446	\$ 3,625,246

**NOTE 7: LEASES (LESSEE)**Loffler Versant VR280

Fargo Public School District entered into an agreement to lease a copier for 60 months, beginning September 1, 2023. The lease terminates September 1, 2028. Under the terms of the lease, the District pays a monthly base fee of \$1,038.

As of June 30, 2024, Fargo Public School District recognized a right-to-use asset of \$49,217, net of accumulated amortization of \$5,469, and lease liability of \$46,372 related to this agreement. During the fiscal year, the District recorded \$5,469 in amortization expense and \$2,064 in interest expense for the right to use the copier. The District used a discount rate of 1.50% based on the rate in the agreement.

Loffler Cannon 8595I II

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

As of June 30, 2024, Fargo Public School District recognized a right-to-use asset of \$4,779, net of accumulated amortization of \$4,779, and lease liability of \$4,868 related to this agreement. During the fiscal year, the District recorded \$1,912 in amortization expense and \$101 in interest expense for the right to use the copier. The District used a discount rate of 1.50% based on the rate in the agreement.

Power Square 224

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

As of June 30, 2024, Fargo Public School District recognized a right-to-use asset of \$13,191, net of accumulated amortization of \$18,467, and lease liability of \$13,868 related to this agreement. During the fiscal year, the District recorded \$6,331 in amortization expense and \$718 in interest expense for the right to use the copier. The District used a discount rate of 3.56% based on the baseline rate provided by the United States State and Local Government Securities table.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### 120DPS and FFSVR136

Fargo Public School District entered into an agreement to lease a copier for 72 months, beginning February 28, 2020. The lease terminates February 28, 2026. Under the terms of the lease, the District pays a monthly base fee of \$6,426.

As of June 30, 2024, Fargo Public School District recognized a right-to-use asset of \$115,570, net of accumulated amortization of \$300,482, and lease liability of \$101,047 related to this agreement. During the fiscal year, the District recorded \$69,342 in amortization expense and \$2,633 in interest expense for the right to use the copier. The District used a discount rate of 1.50% based on the rate in the agreement.

### Riverwood Park Football Field

Fargo Public School District entered into an agreement to lease a football field for 355 months, beginning April 1, 2007. The lease terminates November 1, 2026, with the option to extend it through November 1, 2036. Under the terms of the lease, the District pays an annual base fee of \$323.

As of June 30, 2024, Fargo Public School District recognized a right-to-use asset of \$2,510, net of accumulated amortization of \$3,511, and lease liability of \$3,227 related to this agreement. During the fiscal year, the District recorded \$204 in amortization expense and \$115 in interest expense for the right to use the football field. The District used a discount rate of 3.34% based on the baseline rate provided by the United States State and Local Government Securities table.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2025	\$ 94,616	\$ 4,291
2026	45,206	2,292
2027	13,117	1,244
2028	12,063	714
2029	2,306	93
2030-2034	1,358	259
2035-2037	716	39
Total	\$ 169,382	\$ 8,932

## **NOTE 8: LEASES (LESSOR)**

### 702 Communications

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

As of June 30, 2024, Fargo Public School District recognized a lease receivable of \$46,179 and deferred inflow of resources of \$42,476 related to this agreement. During the fiscal year, the District recorded \$4,592 in lease revenue and \$1,808 in interest revenue for the right to use the channels. The District used a discount rate of 3.59% based on the baseline rate provided by the United States State and Local Government Securities table.

### American Gold Gymnastics

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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As of June 30, 2024, Fargo Public School District recognized a lease receivable of \$125,784 and deferred inflow of resources of \$93,147 related to this agreement. During the fiscal year, the District recorded \$15,525 in lease revenue and \$4,989 in interest revenue for the right to use the building. The District used a discount rate of 3.51% based on the baseline rate provided by the United States State and Local Government Securities table.

### SENDCAA Headstart

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

As of June 30, 2024, Fargo Public School District recognized a lease receivable of \$0 and deferred inflow of resources of \$0 related to this agreement. During the fiscal year, the District recorded \$7,490 in lease revenue and \$374 in interest revenue for the right to use the classroom space. The District used a discount rate of 3.59% based on the baseline rate provided by the United States State and Local Government Securities table.

### Spartan Youth Basketball Association (SYBA)

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

As of June 30, 2024, Fargo Public School District recognized a lease receivable of \$1,487 and deferred inflow of resources of \$1,290 related to this agreement. During the fiscal year, the District recorded \$5,161 in lease revenue and \$205 in interest revenue for the right to use the basketball gym space. The District used a discount rate of 3.55% based on the baseline rate provided by the United States State and Local Government Securities table.

### TNT Kids Fitness & Gymnastics

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

As of June 30, 2024, Fargo Public School District recognized a lease receivable of \$118,416 and deferred inflow of resources of \$107,069 related to this agreement. During the fiscal year, the District recorded \$53,534 in lease revenue and \$6,075 in interest revenue for the right to use the building space. The District used a discount rate of 3.55% based on the baseline rate provided by the United States State and Local Government Securities table.

### YMCA Gators Swim Team

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

As of June 30, 2024, Fargo Public School District recognized a lease receivable of \$10,407 and deferred inflow of resources of \$2,115 related to this agreement. During the fiscal year, the District recorded \$8,461 in lease revenue and \$707 in interest revenue for the right to use the pool space. The District used a discount rate of 3.59% based on the baseline rate provided by the United States State and Local Government Securities table.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2025	\$ 90,785	\$ 10,383
2026	84,747	7,481
2027	24,829	4,478
2028	26,403	3,603
2029	28,053	2,673
2030-2034	47,455	3,011
Total	\$ 302,272	\$ 31,629

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

#### Ameresco

Fargo Public School District entered into an agreement for the use of Ameresco software for 36 months, beginning July 1, 2023. The subscription terminates June 30, 2026. Under the terms of the subscription, the District pays an annual base fee of \$38,716 where the lease rate is adjusted upward on July 1<sup>st</sup> of each year.

As of June 30, 2024, Fargo Public School District recognized a SBITA asset of \$137,618, net of accumulated amortization of \$68,809, and SBITA liability of \$123,143 related to this agreement. During the fiscal year, the District recorded \$68,809 in amortization expense and \$9,351 in interest expense for the right to use these products. The District used a discount rate of 4.53% based on the baseline rate provided by the United States State and Local Government Securities table.

#### Frontline Central

Fargo Public School District entered into an agreement for the use of Frontline Central software for 36 months, beginning July 1, 2023. The subscription terminates June 30, 2026. Under the terms of the subscription, the District pays an annual base fee of \$26,281 where the lease rate is adjusted upward on July 1<sup>st</sup> of each year.

As of June 30, 2024, Fargo Public School District recognized a SBITA asset of \$50,752, net of accumulated amortization of \$25,376, and SBITA liability of \$53,295 related to this agreement. During the fiscal year, the District recorded \$25,376 in amortization expense and \$3,449 in interest expense for the right to use these products. The District used a discount rate of 4.53% based on the baseline rate provided by the United States State and Local Government Securities table.

#### Cisco Voice

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

As of June 30, 2024, Fargo Public School District recognized a SBITA asset of \$92,074, net of accumulated amortization of \$92,074, and SBITA liability of \$94,817 related to this agreement. During the fiscal year, the District recorded \$61,383 in amortization expense and \$6,253 in interest expense for the right to use these products. The District used a discount rate of 4.04% based on the baseline rate provided by the United States State and Local Government Securities table.

#### Cisco Wireless

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

As of June 30, 2024, Fargo Public School District recognized a SBITA asset of \$133,533, net of accumulated amortization of \$133,533, and SBITA liability of \$137,521 related to this agreement. During the fiscal year, the District recorded \$89,021 in amortization expense and \$9,091 in interest expense for the right to use these products. The District used a discount rate of 4.05% based on the baseline rate provided by the United States State and Local Government Securities table.

Remaining obligations associated with these subscriptions are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2025	\$ 237,088	\$ 9,400
2026	171,688	1,608
Total	\$ 408,776	\$ 11,008

## NOTE 10: LONG-TERM LIABILITIES

During the year ended June 30, 2024, the following changes occurred in liabilities reported in long-term liabilities:

	Balance Jul 1	Increases	Decreases	Balance Jun 30	Due Within One Year
Long-Term Bond Premium	\$ 4,304,692	\$ -	\$ 679,446	\$ 3,625,246	\$ 679,446
Long-Term Debt:					
General Obligation Bonds Payable	\$ 100,862,223	\$ -	\$ 6,420,070	\$ 94,442,153	\$7,633,020
Special Assessments Payable	586,011	-	21,988	564,023	22,963
Building Authority Revenue Bonds Payable	290,000	-	290,000	-	-
Total Long-Term Debt	\$ 101,738,234	\$ -	\$ 6,732,058	\$ 95,006,176	\$7,655,983
Long-Term Payroll Liabilities:					
Vacation Payable	\$ 501,790	\$ 867,613	\$ 832,426	\$ 536,977	\$ -
Unused Personal Leave Payable	788,831	1,240,650	1,168,564	860,917	-
Legacy Sick Leave Longevity Payable	345,817	-	132,703	213,114	-
PTO Payable	445,410	171,479	113,406	503,483	-
Paid Leave System Payable	5,196,781	1,253,229	555,052	5,894,958	-
Total Long-Term Payroll Liabilities	\$ 7,278,629	\$ 3,532,971	\$ 2,802,151	\$ 8,009,449	\$ -
Long-Term Lease Liability	\$ 205,897	\$ 54,685	\$ 91,200	\$ 169,382	\$ 94,616
Long-Term SBITA Liability	\$ 379,226	\$ 282,555	\$ 253,005	\$ 408,776	\$ 237,088
Net Pension and OPEB Liability	\$ 225,925,282	\$ 8,176,865	\$ 34,805,559	\$ 199,296,588	\$ -
Total Long-Term Liabilities	\$ 339,831,960	\$ 12,047,076	\$ 45,363,419	\$ 306,515,617	\$8,667,133

Debt service requirements on long-term debt as of June 30, 2024, are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Special Assessments Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 7,633,020	\$ 2,933,892	\$ 22,963	\$ 24,590	\$ 7,655,983	\$ 2,958,482
2026	8,241,001	2,676,236	23,979	23,574	8,264,980	2,699,810
2027	8,649,011	2,440,326	25,041	22,512	8,674,052	2,462,838
2028	7,717,051	2,194,649	26,150	21,403	7,743,201	2,216,052
2029	6,705,121	1,956,816	27,307	20,246	6,732,428	1,977,062
2030-2034	30,857,749	6,455,773	155,778	81,987	31,013,527	6,537,760
2035-2039	17,139,200	2,761,917	193,455	44,311	17,332,655	2,806,228
2040-2044	7,500,000	485,640	89,350	5,756	7,589,350	491,396
Total	\$ 94,442,153	\$ 21,905,249	\$ 564,023	\$ 244,379	\$ 95,006,176	\$22,149,628

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### NOTE 11: DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

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

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

### NOTE 12: PENSION PLANS

#### General Information about the TFFR Pension Plan

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

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

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

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

#### **Pension Benefits**

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

##### *Tier 1 Grandfathered*

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

### *Tier 1 Non-Grandfathered*

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

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

### *Tier 2*

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

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

## **Death and Disability Benefits**

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

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

## **Member and Employer Contributions**

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

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

As of June 30, 2024, the School District reported a liability of \$152,536,645 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. As of June 30, 2023, the School District's proportion was 10.87122466%, which was an increase of 0.19149064% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$13,120,509. As of June 30, 2024, 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	\$ 568,455	\$ 8,097,740
Changes of Assumptions	2,414,023	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	9,311,182	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,813,906	2,541,408
District Contributions Subsequent to the Measurement Date	11,845,705	-
Total Deferred Outflows and Deferred Inflows	\$ 31,953,271	\$ 10,639,148

\$11,845,705, 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, 2025.

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

2025	\$ 891,079
2026	(1,181,996)
2027	10,029,133
2028	(72,864)
2029	(59,045)
Thereafter	(137,889)

### Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	Composed of 3.80% wage inflations, plus step rate promotional increases for members with less than 30 years of service
Investment Rate of Return	7.25%, net of investment expenses, including inflation
Cost-of-Living Adjustments	None

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2023, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	6.2%
Global Fixed Income	26%	3.0%
Global Real Assets	18%	4.4%
Cash Equivalents	1%	0.9%

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2023. 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, 2023, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2023. 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, 2023.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent as of June 30, 2023, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's Proportionate Share of the Net Pension Liability	\$ 212,402,732	\$ 152,536,645	\$ 102,895,481

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

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

Detailed information about the pension plan's fiduciary net position is available in a separately issued TFFR financial report. TFFR's Comprehensive Annual Financial Report (ACFR) is located at <https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2023.pdf>.

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

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

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

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

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

#### **Pension Benefits**

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

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

#### **Death and Disability Benefits**

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

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

### Refunds of Member Account Balance

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

### Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percentage of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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

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

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

As of June 30, 2024, the School District reported a liability of \$44,986,204 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. As of June 30, 2023, the School District's proportion was 2.333004%, which was a decrease of 0.032695% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of \$3,812,188. As of June 30, 2024, the following deferred outflows of resources and deferred inflows of resources were reported related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,464,446	\$ 248,096
Changes of Assumptions	24,805,920	34,145,671
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	1,180,357	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	332,942	711,848
District Contributions Subsequent to the Measurement Date	2,444,440	-
Total Deferred Outflows and Deferred Inflows	\$ 30,228,105	\$ 35,105,615

\$2,444,440 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

2025	\$ 11,525
2026	(5,324,367)
2027	657,471
2028	(2,666,579)

### Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.50% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

### Discount Rate

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

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

For this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
School District's Proportionate Share of the Net Pension Liability	\$ 62,025,168	\$ 44,986,204	\$ 30,851,062

### Pension Plan Fiduciary Net Position

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

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

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

As of June 30, 2024, the School District reported a liability of \$197,522,849 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2024, the School District recognized pension expense of \$16,932,697. As of June 30, 2024, the following deferred outflows of resources and deferred inflows of resources were reported related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,032,901	\$ 8,345,836
Changes of Assumptions	27,219,943	34,145,671
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	10,491,539	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,146,848	3,253,256
District Contributions Subsequent to the Measurement Date	14,290,145	-
Total Deferred Outflows and Deferred Inflows	\$ 62,181,376	\$ 45,744,763

\$14,290,145 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

2025	\$ 902,604
2026	(6,506,363)
2027	10,686,604
2028	(2,739,443)
2029	(59,045)
Thereafter	(137,889)

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

#### General Information about the OPEB Plan

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

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

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

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

#### **OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 1.14% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

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

As of June 30, 2024, the School District reported a liability of \$1,773,739 for its proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. As of June 30, 2023, the School District's proportion was 1.773588%, which was a decrease of 0.150154% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized OPEB expense of \$298,279. As of June 30, 2024, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 33,361	\$ 20,292
Changes of Assumptions	378,171	146,838
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	128,070	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	28,158	173,237
Employer Contributions Subsequent to the Measurement Date	178,785	-
Total Deferred Outflows and Deferred Inflows	\$ 746,545	\$ 340,367

\$178,785 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

2025	\$ 94,466
2026	62,334
2027	130,466
2028	(59,873)

### Actuarial Assumptions

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not applicable
Investment Rate of Return	5.75%, net of investment expenses
Cost-of-Living Adjustments	None

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

### Discount Rate

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

### Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
School District's Proportionate Share of the Net OPEB Liability	\$ 2,330,349	\$ 1,773,739	\$ 1,304,051

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### 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 such payment are:

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

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 or more will be made at a rate of \$50 per legacy sick day.
4. Grandfather Clause: Any benefitted employee who is eligible for full retirement benefits through NDPERS or TFFR as of 7/1/2013 will have payments calculated at the 2013-2014 level of \$200 per day upon retirement from the District.

For the year ended June 30, 2024, the District had twenty-five employees who received this benefit at a cost to the District of \$164,220.

### 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 with over 2,000 political subdivisions. The District pays an annual premium to NDRF for its general liability, automobile insurance coverage, and inland marine coverage. 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 coverage is limited to losses of \$1,926,926, while computerized business equipment is limited to losses of \$4,167,944. Buildings are limited to losses of \$530,374,777, personal property is limited to losses of \$41,690,337, and band equipment is limited to losses of \$3,053,238.

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

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

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

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

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

**Incurred But Not Reported (IBNR)**

Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$1,395,179. The District has two plan administrators that calculate this reserve requirement each year. Health Partners calculates the health insurance reserve requirement, and Delta Dental calculates the dental insurance reserve requirement. Changes in the claim reserve payable during the past two years are as follows:

	<b>2024</b>	<b>2023</b>
Unpaid Claims, July 1	\$ 1,285,869	\$ 2,074,467
Incurred Claims Including IBNR's	17,497,057	17,642,515
Less: Claims Paid	17,387,747	18,431,113
Unpaid Claims, June 30	\$ 1,395,179	\$ 1,285,869

**NOTE 16: CONSTRUCTION COMMITMENTS**

The District had five construction projects remaining as of June 30, 2024. At year-end, the District's commitments with contractors were as follows:

<b>Project</b>	<b>Contract</b>	<b>Total Completed</b>	<b>Contracts Payable</b>	<b>Remaining Balance</b>
8-9 Campus	\$ 4,571,680	\$ 1,139,118	\$ -	\$ 3,432,562
Hawthorne Addition	613,070	310,170	-	302,900
Jefferson Infill Project	194,800	8,624	-	186,176
North Track	9,073,272	9,072,772	500	500
South Water System	1,323,304	1,199,404	123,900	123,900
<b>Total</b>	<b>\$ 15,776,126</b>	<b>\$11,730,088</b>	<b>\$ 124,400</b>	<b>\$ 4,046,038</b>

**NOTE 17: TRANSFERS**

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

Transfers for the District as of June 30, 2024, are as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Transfers In (Out)</b>
General	\$ 350,000	\$ 5,112,396	\$ (4,762,396)
Capital Projects	6,000,000	15,174,387	(9,174,387)
Debt Service	9,479,741	-	9,479,741
Nonmajor	4,807,042	350,000	4,457,042
<b>Total</b>	<b>\$20,636,783</b>	<b>\$20,636,783</b>	<b>\$ -</b>

**NOTE 18: CONTINGENT LIABILITIES**

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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## NOTE 19: TAX ABATEMENTS

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

As of June 30, 2024, the local governments within Cass County provided tax abatements to individuals and commercial entities in the form of property tax exemptions under the following criteria:

### New and Expanding Business

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

### Charitable Organization

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

### Single Family Residence

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

### Childhood Service Exemption

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

### Commercial and Residential

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

The total reduction in property tax revenue due to tax abatements as of June 30, 2024, is as follows:

New and Expanding Business	\$ 255,191
Charitable Organization	6,870,891
Single Family Residence	504,583
Childhood Service Exemption	260,973
Commercial and Residential	175,746
Total	\$ 8,067,384

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

Notes to the Financial Statements – Continued  
For the Year Ended June 30, 2024

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### **NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **Expenditures in Excess of Appropriations**

Budget control for the fund is established by its total appropriations. The Debt Service Fund had expenditures exceeding appropriations in the amount of \$167,359 for the year-ended June 30, 2024. These over-expenditures were funded by transfers from other funds.

The Food Services Fund had expenditures exceeding appropriations in the amount of \$33,432 for the year-ended June 30, 2024. These over-expenditures were funded by greater than expected other financing sources and existing fund balance.

The Student Activities Funds had expenditures exceeding appropriations in the amount of \$1,179,726 for the year-ended June 30, 2024. These over-expenditures were funded by existing fund balance.

### **NOTE 21: SUBSEQUENT EVENTS**

The District entered into an agreement subsequent to year-end to sell the old District Office building that was still owned by the District as of June 30, 2024, for \$3.6 million.

## **SECTION II - B**

### **REQUIRED SUPPLEMENTARY INFORMATION**



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

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Budgeted Amounts				
	Original	Final	2024 Actual Amounts	Variance with Final Budget	2023
REVENUES					
Property Taxes	\$ 69,252,000	\$ 69,252,000	\$ 67,529,540	\$ (1,722,460)	\$ 61,510,593
Local Sources	5,044,115	6,661,880	7,403,267	741,387	5,515,780
State Sources	112,998,735	112,062,543	110,842,057	(1,220,486)	107,081,860
Federal Sources	28,079,615	28,760,898	27,200,817	(1,560,081)	29,588,638
Other Sources	-	-	24,826	24,826	74,873
Total Revenues	\$ 215,374,465	\$ 216,737,321	\$ 213,000,507	\$ (3,736,814)	\$ 203,771,744
EXPENDITURES					
Current					
Instruction					
Regular Education	\$ 101,276,422	\$ 101,917,462	\$ 99,578,679	\$ 2,338,783	\$ 97,204,009
Special Education	41,422,548	41,684,795	42,556,197	(871,402)	35,636,742
Vocational Education	7,841,846	7,891,597	7,907,560	(15,963)	7,394,188
Adult Education	1,428,733	1,437,725	1,317,936	119,789	1,193,463
Support Services					
Pupil Services	6,974,851	7,019,088	7,092,325	(73,237)	6,471,239
Instructional Staff Services	5,977,933	6,015,802	5,950,529	65,273	5,391,207
General Administration Services	3,870,362	3,894,777	3,976,658	(81,881)	3,225,874
School Administration Services	11,834,774	11,909,761	12,066,672	(156,911)	11,176,324
Business Services	2,378,980	2,393,983	2,562,926	(168,943)	5,136,770
Operations and Maintenance	21,290,988	21,425,989	20,855,499	570,490	16,867,166
Pupil Transportation Services	3,250,600	3,271,249	3,118,197	153,052	3,190,547
Co-Curricular Activities	284,023	285,846	296,323	(10,477)	275,537
Community Services	313,455	315,408	317,531	(2,123)	978,519
Capital Outlay	2,117,031	2,130,360	2,767,221	(636,861)	1,629,637
Debt Service	306,219	306,219	306,219	-	-
Total Expenditures	\$ 210,568,765	\$ 211,900,061	\$ 210,670,472	\$ 1,229,589	\$ 195,771,222
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 4,805,700	\$ 4,837,260	\$ 2,330,035	\$ (2,507,225)	\$ 8,000,522
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 350,000	\$ 350,000	\$ 350,000	\$ -	\$ 350,000
Transfers Out	(5,544,500)	(5,544,500)	(5,112,396)	432,104	(4,646,080)
Right-to-Use Asset Proceeds	54,685	54,685	54,685	-	-
Subscription-Based IT Asset Proceeds	282,555	282,555	282,555	-	-
Sale of Assets	20,000	20,000	77,623	57,623	95,149
Total Other Financing Sources and Uses	\$ (4,837,260)	\$ (4,837,260)	\$ (4,347,533)	\$ 489,727	\$ (4,200,931)
Net Changes in Fund Balances	\$ (31,560)	\$ -	\$ (2,017,498)	\$ (2,017,498)	\$ 3,799,591
Fund Balance - July 1	\$ 41,078,052	\$ 41,078,052	\$ 41,078,052	\$ -	\$ 37,278,461
Fund Balance - June 30	\$ 41,046,492	\$ 41,078,052	\$ 39,060,554	\$ (2,017,498)	\$ 41,078,052

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

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

Schedule of Employer's Share of Net Pension Liability and Employer Contributions – TFFR  
For the Year Ended June 30, 2024

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

Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2023	10.871225%	\$ 152,536,645	\$ 87,232,089	174.86%	69.30%
6/30/2022	10.679734%	155,502,584	84,040,157	185.03%	67.50%
6/30/2021	10.187399%	107,340,073	78,514,245	136.71%	75.70%
6/30/2020	10.448723%	159,918,062	76,240,219	209.76%	63.40%
6/30/2019	10.362008%	142,711,077	72,692,434	196.32%	65.50%
6/30/2018	10.420065%	138,884,706	70,836,581	196.06%	65.50%
6/30/2017	10.410962%	142,997,249	70,271,012	203.49%	63.20%
6/30/2016	10.626670%	155,686,944	69,044,120	225.49%	59.20%
6/30/2015	10.638990%	139,142,582	65,440,942	212.62%	62.10%
6/30/2014	10.894306%	114,153,013	63,192,777	180.64%	66.60%

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

Fiscal Year Ending	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2024	\$ 11,995,458	\$ 11,995,458	\$ -	\$ 94,081,999	12.75%
6/30/2023	11,122,090	11,122,090	-	87,232,089	12.75%
6/30/2022	10,715,119	10,715,119	-	84,040,157	12.75%
6/30/2021	10,010,567	10,010,567	-	78,514,245	12.75%
6/30/2020	9,720,703	9,720,703	-	76,240,219	12.75%
6/30/2019	9,268,286	9,268,286	-	72,692,434	12.75%
6/30/2018	9,031,664	9,031,664	-	70,836,581	12.75%
6/30/2017	8,959,554	8,959,554	-	70,271,012	12.75%
6/30/2016	8,803,126	8,803,126	-	69,044,120	12.75%
6/30/2015	8,343,319	8,343,319	-	65,440,942	12.75%

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

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

Schedule of Employer's Share of Net Pension Liability and Employer Contributions – NDPERS  
For the Year Ended June 30, 2024

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

Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2023	2.333004%	\$ 44,986,204	\$ 28,529,622	157.68%	65.31%
6/30/2022	2.365699%	68,113,020	27,461,900	248.03%	54.47%
6/30/2021	2.345565%	24,447,837	26,560,966	92.04%	78.26%
6/30/2020	2.372609%	74,642,787	26,172,746	285.19%	48.91%
6/30/2019	2.381469%	27,912,540	24,771,329	112.68%	71.66%
6/30/2018	2.285422%	38,568,989	23,478,532	164.27%	62.80%
6/30/2017	2.192320%	35,237,777	22,380,148	157.45%	61.98%
6/30/2016	2.110282%	20,566,755	21,266,660	96.71%	70.46%
6/30/2015	2.148335%	14,608,311	19,139,057	76.33%	77.15%
6/30/2014	2.311911%	14,674,193	19,475,053	75.35%	77.70%

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

Fiscal Year Ending	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2024	\$ 2,444,440	\$ 2,444,440	\$ -	\$ 30,165,195	8.10%
6/30/2023	2,158,286	2,202,490	(44,204)	28,529,622	7.72%
6/30/2022	2,068,348	2,180,223	(111,875)	27,461,900	7.94%
6/30/2021	1,958,754	1,934,245	24,509	26,560,966	7.28%
6/30/2020	1,853,258	1,898,818	(45,560)	26,172,746	7.25%
6/30/2019	1,803,493	1,826,859	(23,366)	24,771,329	7.37%
6/30/2018	1,729,294	1,706,727	22,567	23,478,532	7.27%
6/30/2017	1,622,833	1,618,347	4,486	22,380,148	7.23%
6/30/2016	1,539,672	1,624,198	(84,526)	21,266,660	7.64%
6/30/2015	1,453,765	1,577,824	(124,059)	19,139,057	8.24%

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

**BOARD OF EDUCATION OF THE CITY OF FARGO****Schedule of Employer's Share of Net OPEB Liability and Employer Contributions – NDPERS**

For the Year Ended June 30, 2024

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

Measurement Date	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2023	1.773588%	\$ 1,773,739	\$ 17,827,797	9.95%	62.74%
6/30/2022	1.923742%	2,309,678	19,860,807	11.63%	56.28%
6/30/2021	2.042830%	1,136,167	22,272,110	5.10%	76.63%
6/30/2020	2.208087%	1,857,437	25,171,541	7.38%	63.38%
6/30/2019	2.219936%	1,783,025	24,771,329	7.20%	63.13%
6/30/2018	2.145693%	1,689,879	23,478,532	7.20%	61.89%
6/30/2017	2.068710%	1,636,372	22,380,148	7.31%	59.78%

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

Fiscal Year Ending	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2024	\$ 178,785	\$ 178,785	\$ -	\$ 17,366,165	1.03%
6/30/2023	215,269	216,684	(1,415)	17,827,797	1.22%
6/30/2022	241,729	250,469	(8,740)	19,860,807	1.26%
6/30/2021	267,828	270,942	(3,114)	22,272,110	1.11%
6/30/2020	295,713	299,567	(3,854)	25,171,541	1.19%
6/30/2019	288,091	292,503	(4,412)	24,771,329	1.18%
6/30/2018	275,390	273,268	2,122	23,478,532	1.16%

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

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

# BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information

For the Year Ended June 30, 2024

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## NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

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

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

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

## NOTE 2: CHANGES OF BENEFIT TERMS

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

2023

No changes of benefit terms

2022

No changes of benefit terms

2021

No changes of benefit terms

2020

No changes of benefit terms

2019

No changes of benefit terms

2018

No changes of benefit terms

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information - Continued

For the Year Ended June 30, 2024

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### 2017

No changes of benefit terms

### 2016

No changes of benefit terms

### 2015

No changes of benefit terms

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

### 2023

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

### 2022

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

### 2021

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

### 2020

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

### 2019

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information - Continued

For the Year Ended June 30, 2024

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### 2018

No changes of benefit terms

### 2017

No changes of benefit terms

### 2016

No changes of benefit terms

### 2015

No changes of benefit terms

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

### 2023

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

### 2022

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, 2021.

### 2021

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

### 2020

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

### 2019

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.

### 2018

No changes of benefit terms

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information - Continued

For the Year Ended June 30, 2024

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### NOTE 3: CHANGES OF ASSUMPTIONS

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

##### 2023

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

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

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

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

##### 2022

No changes of assumptions

##### 2021

No changes of assumptions

##### 2020

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

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

##### 2019

No changes of assumptions

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

Notes to the Required Supplementary Information - Continued

For the Year Ended June 30, 2024

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### 2018

No changes of assumptions

### 2017

No changes of assumptions

### 2016

No changes of assumptions

### 2015

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.

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

### 2023

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

### 2022

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2021.

### 2021

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

### 2020

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

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

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

### 2019

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.

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information - Continued

For the Year Ended June 30, 2024

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### 2018

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

### 2017

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

### 2016

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2016 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

### 2015

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

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

### 2023

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

### 2022

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2021.

### 2021

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

### 2020

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

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

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

### 2019

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%

## BOARD OF EDUCATION OF THE CITY OF FARGO

Notes to the Required Supplementary Information - Continued

For the Year Ended June 30, 2024

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

### 2018

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

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

*GASB Statement No. 75* requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Complete data for the Other Post-Employment Benefits (OPEB) schedules are not available prior to 2017.

#### **NOTE 5: LEGAL COMPLIANCE – BUDGETS**

##### **Budget Amendments**

As of June 30, 2024, the School Board amended the District's budget as follows:

<b>REVENUES</b>			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$215,374,465	\$ 1,362,856	\$216,737,321

<b>EXPENDITURES</b>			
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$210,568,765	\$ 1,331,296	\$211,900,061

**SECTION II - C**

**SUPPLEMENTARY INFORMATION**



### **Other Major Governmental Funds**

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

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

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

## Budgetary Comparison Schedule - Debt Service Fund

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Budgeted Amounts		2024	Variance with	
	Original	Final	Actual Amounts	Final Budget	2023
<b>EXPENDITURES</b>					
Debt Service					
Principal	\$ 6,710,100	\$ 6,710,100	\$ 6,710,070	\$ 30	\$ 4,697,148
Interest	2,762,899	2,762,899	2,930,653	(167,754)	2,623,472
Fiscal Charges and Fees	4,810	4,810	4,445	365	4,754
Total Expenditures	\$ 9,477,809	\$ 9,477,809	\$ 9,645,168	\$ (167,359)	\$ 7,325,374
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,477,809)	\$ (9,477,809)	\$ (9,645,168)	\$ (167,359)	\$ (7,325,374)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 9,312,382	\$ 9,312,382	\$ 9,479,741	\$ 167,359	\$ 7,490,801
Total Other Financing Sources and Uses	\$ 9,312,382	\$ 9,312,382	\$ 9,479,741	\$ 167,359	\$ 7,490,801
Net Changes in Fund Balances	\$ (165,427)	\$ (165,427)	\$ (165,427)	\$ -	\$ 165,427
Fund Balance - July 1	\$ -	\$ -	\$ 165,427	\$ 165,427	\$ -
Fund Balance - June 30	\$ (165,427)	\$ (165,427)	\$ -	\$ 165,427	\$ 165,427

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

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

## Budgetary Comparison Schedule - Capital Projects Fund

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Budgeted Amounts		2024	Variance with	
	Original	Final	Actual Amounts	Final Budget	2023
<b>REVENUES</b>					
Local Sources	\$ 15,192,200	\$ 15,192,200	\$ 15,251,041	\$ 58,841	\$ 14,070,716
<b>EXPENDITURES</b>					
Operations and Maintenance	\$ -	\$ 31,000	\$ 26,766	\$ 4,234	\$ 11,791
Capital Outlay	3,641,400	3,610,400	2,039,890	1,570,510	37,173,228
Debt Service					
Principal	330,000	330,000	59,974	270,026	174,579
Interest	30,000	30,000	35,137	(5,137)	29,401
Bond Costs	45,000	45,000	45,695	(695)	248,938
Total Expenditures	\$ 4,046,400	\$ 4,046,400	\$ 2,207,462	\$ 1,838,938	\$ 37,637,937
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,145,800	\$ 11,145,800	\$ 13,043,579	\$ 1,897,779	\$(23,567,221)
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ 17,155,000
Premium on the Sale of Bonds	-	-	-	-	542,073
Sale of Land	-	-	-	-	8,331,939
Gain on Sale of Land	-	-	-	-	2,832,859
Transfers In	6,000,000	6,000,000	6,000,000	-	6,000,000
Transfers Out	(15,009,072)	(15,009,072)	(15,174,387)	(165,315)	(13,186,738)
Total Other Financing Sources and Uses	\$ (9,009,072)	\$ (9,009,072)	\$ (9,174,387)	\$ (165,315)	\$ 21,675,133
Net Changes in Fund Balances	\$ 2,136,728	\$ 2,136,728	\$ 3,869,192	\$ 1,732,464	\$ (1,892,088)
Fund Balance - July 1	\$ 16,263,827	\$ 16,263,827	\$ 16,263,827	\$ -	\$ 18,155,915
Fund Balance - June 30	\$ 18,400,555	\$ 18,400,555	\$ 20,133,019	\$ 1,732,464	\$ 16,263,827

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

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

**Student Activities Fund** - The Student Activities Fund is used to account for revenues and expenditures from school-based operations. Revenues are comprised of student fees, gate receipts, and a variety of fundraisers, while expenditures support curricular and co-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, 2024 (Summarized Comparative Totals 2023)

	Food Services	Student Activities	Total	
			2024	2023
<b>REVENUES</b>				
Local Sources	\$ 3,635,549	\$ 3,072,566	\$ 6,708,115	\$ 6,163,271
State Sources	167,566	-	167,566	68,683
Federal Sources	4,717,633	-	4,717,633	4,881,934
Total Revenues	\$ 8,520,748	\$ 3,072,566	\$ 11,593,314	\$ 11,113,888
<b>EXPENDITURES</b>				
Current				
Food Services Outlay	\$ 8,825,731	\$ -	\$ 8,825,731	\$ 8,156,036
Capital Outlay	-	-	-	307,585
Co-Curricular Activities	-	7,630,138	7,630,138	6,696,024
Total Expenditures	\$ 8,825,731	\$ 7,630,138	\$ 16,455,869	\$ 15,159,645
Excess (Deficiency) of Revenues Over Expenditures	\$ (304,983)	\$ (4,557,572)	\$ (4,862,555)	\$ (4,045,757)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 142,786	\$ 4,664,256	\$ 4,807,042	\$ 4,342,017
Transfers Out	(350,000)	-	(350,000)	(350,000)
Total Other Financing Sources and Uses	\$ (207,214)	\$ 4,664,256	\$ 4,457,042	\$ 3,992,017
Net Change in Fund Balances	\$ (512,197)	\$ 106,684	\$ (405,513)	\$ (53,740)
Fund Balances - July 1	\$ 5,137,665	\$ 1,520,502	\$ 6,658,167	\$ 6,711,907
Fund Balances - June 30	\$ 4,625,468	\$ 1,627,186	\$ 6,252,654	\$ 6,658,167

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

## Budgetary Comparison Schedule - Food Services Fund

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget	2023
	Original	Final			
<b>REVENUES</b>					
Local Sources	\$ 3,280,800	\$ 3,280,800	\$ 3,635,549	\$ 354,749	\$ 3,420,389
State Sources	100,000	100,000	167,566	67,566	68,683
Federal Sources	4,177,900	4,187,779	4,717,633	529,854	4,881,934
Total Revenues	\$ 7,558,700	\$ 7,568,579	\$ 8,520,748	\$ 952,169	\$ 8,371,006
<b>EXPENDITURES</b>					
Current					
Food Services Outlay	\$ 8,782,420	\$ 8,792,299	\$ 8,825,731	\$ (33,432)	\$ 8,156,036
Total Expenditures	\$ 8,782,420	\$ 8,792,299	\$ 8,825,731	\$ (33,432)	\$ 8,156,036
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,223,720)	\$ (1,223,720)	\$ (304,983)	\$ 918,737	\$ 214,970
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 100,000	\$ 100,000	\$ 142,786	\$ 42,786	\$ 10,224
Transfers Out	(350,000)	(350,000)	(350,000)	-	(350,000)
Total Other Financing Sources and Uses	\$ (250,000)	\$ (250,000)	\$ (207,214)	\$ 42,786	\$ (339,776)
Net Changes in Fund Balances	\$ (1,473,720)	\$ (1,473,720)	\$ (512,197)	\$ 961,523	\$ (124,806)
Fund Balance - July 1	\$ 5,137,665	\$ 5,137,665	\$ 5,137,665	\$ -	\$ 5,262,471
Fund Balance - June 30	\$ 3,663,945	\$ 3,663,945	\$ 4,625,468	\$ 961,523	\$ 5,137,665

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

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

## Budgetary Comparison Schedule - Student Activities Fund

For the Year Ended June 30, 2024 (Summarized Comparative Totals 2023)

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget	2023
	Original	Final			
<b>REVENUES</b>					
Local Sources	\$ 1,270,365	\$ 1,270,365	\$ 3,072,566	\$ 1,802,201	\$ 2,742,882
<b>EXPENDITURES</b>					
Current					
Co-Curricular Activities	\$ 6,450,412	\$ 6,450,412	\$ 7,630,138	\$ (1,179,726)	\$ 6,696,024
Capital Outlay	-	-	-	-	307,585
Total Expenditures	\$ 6,450,412	\$ 6,450,412	\$ 7,630,138	\$ (1,179,726)	\$ 7,003,609
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,180,047)	\$ (5,180,047)	\$ (4,557,572)	\$ 622,475	\$ (4,260,727)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 5,141,000	\$ 5,141,000	\$ 4,664,256	\$ (476,744)	\$ 4,331,793
Total Other Financing Sources and Uses	\$ 5,141,000	\$ 5,141,000	\$ 4,664,256	\$ (476,744)	\$ 4,331,793
Net Changes in Fund Balances	\$ (39,047)	\$ (39,047)	\$ 106,684	\$ 145,731	\$ 71,066
Fund Balance - July 1	\$ 1,520,502	\$ 1,520,502	\$ 1,520,502	\$ -	\$ 1,449,436
Fund Balance - June 30	\$ 1,481,455	\$ 1,481,455	\$ 1,627,186	\$ 145,731	\$ 1,520,502

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

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

Comparative Balance Sheets - General Fund

June 30, 2024 (Summarized Comparative Totals 2023)

	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 34,144,264	\$ 32,968,054
Accounts Receivable	88,766	184,776
Taxes Receivable	3,575,808	2,941,714
Intergovernmental Receivable	7,382,518	10,290,220
Lease Receivable	302,272	399,542
Due from County Treasurer	116,311	137,219
Notes Receivable	-	290,000
Prepaid Items	-	81,116
Inventories	678,799	711,623
<b>Total Assets</b>	<b>\$ 46,288,738</b>	<b>\$ 48,004,264</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 2,615,967	\$ 2,245,844
Salaries and Benefits Payable	733,174	1,013,667
Due to Other Agencies	57,138	94,127
<b>Total Liabilities</b>	<b>\$ 3,406,279</b>	<b>\$ 3,353,638</b>
<b>Deferred Inflows of Resources</b>		
Uncollected Taxes Receivable	\$ 3,575,808	\$ 2,941,714
Uncollected Notes Receivable	-	290,000
Leases	246,097	340,860
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,821,905</b>	<b>\$ 3,572,574</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 7,228,184</b>	<b>\$ 6,926,212</b>
<b>Fund Balances</b>		
Nonspendable		
Inventory	\$ 678,799	\$ 711,623
Prepaid Items	-	81,116
Unassigned	38,381,755	40,285,313
<b>Total Fund Balances</b>	<b>39,060,554</b>	<b>41,078,052</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 46,288,738</b>	<b>\$ 48,004,264</b>

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

Comparative Balance Sheets – Debt Service Fund  
June 30, 2024 (Summarized Comparative Totals 2023)

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	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 165,427</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Fund Balance		
Debt Service	<u>\$ -</u>	<u>\$ 165,427</u>

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

Comparative Balance Sheets - Capital Project Fund  
June 30, 2024 (Summarized Comparative Totals 2023)

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	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 20,343,985	\$ 17,682,356
Accounts Receivable	750	6,495
Taxes Receivable	772,114	640,411
Intergovernmental Receivable	3,200	-
Due from County Treasurer	25,128	29,873
Notes Receivable	1,565,000	1,620,000
	<u>1,565,000</u>	<u>1,620,000</u>
 Total Assets	 <u>\$ 22,710,177</u>	 <u>\$ 19,979,135</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$ 115,644	\$ 1,072,301
Contracts Payable	124,400	382,596
	<u>124,400</u>	<u>382,596</u>
 Total Liabilities	 <u>\$ 240,044</u>	 <u>\$ 1,454,897</u>
 Deferred Inflows of Resources		
Uncollected Taxes Receivable	\$ 772,114	\$ 640,411
Uncollected Notes Receivable	1,565,000	1,620,000
	<u>1,565,000</u>	<u>1,620,000</u>
 Total Deferred Inflows of Resources	 <u>\$ 2,337,114</u>	 <u>\$ 2,260,411</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 2,577,158</u>	 <u>\$ 3,715,308</u>
 Fund Balances		
Restricted		
Capital Projects	\$ 20,133,019	\$ 16,263,827
	<u>\$ 20,133,019</u>	<u>\$ 16,263,827</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 22,710,177</u>	 <u>\$ 19,979,135</u>

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

Combining Balance Sheets - Nonmajor Special Revenue Funds

June 30, 2024 (Summarized Comparative Totals 2023)

	Food Services	Student Activities	Total	
			2024	2023
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,656,904	\$ 1,713,104	\$ 6,370,008	\$ 6,899,450
Accounts Receivable	2,198	45,901	48,099	25,345
Intergovernmental Receivable	44,927	6,725	51,652	44,485
Prepaid Items	-	19,098	19,098	-
Inventories	150,987	-	150,987	150,833
Total Assets	<u>\$ 4,855,016</u>	<u>\$ 1,784,828</u>	<u>\$ 6,639,844</u>	<u>\$ 7,120,113</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 5,922	\$ 143,172	\$ 149,094	\$ 140,017
Salaries and Benefits Payable	8,805	14,470	23,275	27,135
Unearned Revenue - Food Service Commodity Inventory	50,583	-	50,583	105,383
Unearned Revenue - Food Service Lunch Credits	164,238	-	164,238	189,411
Total Liabilities	<u>\$ 229,548</u>	<u>\$ 157,642</u>	<u>\$ 387,190</u>	<u>\$ 461,946</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 229,548</u>	<u>\$ 157,642</u>	<u>\$ 387,190</u>	<u>\$ 461,946</u>
Fund Balances				
Nonspendable				
Inventories	\$ 150,987	\$ -	\$ 150,987	\$ 150,833
Prepaid Items	-	19,098	19,098	-
Committed				
Special Revenue	4,474,481	1,608,088	6,082,569	6,507,334
Total Fund Balances	<u>\$ 4,625,468</u>	<u>\$ 1,627,186</u>	<u>\$ 6,252,654</u>	<u>\$ 6,658,167</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,855,016</u>	<u>\$ 1,784,828</u>	<u>\$ 6,639,844</u>	<u>\$ 7,120,113</u>

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of Fund Activity

For the Year Ended June 30, 2024

	Balance 7/1/2023	Revenue	Transfers In	Other Financing Sources	Expenditures	Transfers Out	Other Financing Uses	Balance 6/30/2024
<b>Major Funds</b>								
General Fund - Fund 10	\$ 41,078,052	\$ 213,000,507	\$ 350,000	\$ 414,863	\$ 210,670,472	\$ 5,112,396	\$ -	\$ 39,060,554
<u>Capital Projects Fund</u>								
CP/SA/SL - Funds 30-39	\$ 16,263,827	\$ 15,251,041	\$ 6,000,000	\$ -	\$ 2,207,462	\$ 15,174,387	\$ -	\$ 20,133,019
<u>Debt Service Funds</u>								
Debt Service - Fund 40	\$ 165,427	\$ -	\$ 9,174,387	\$ -	\$ 9,339,814	\$ -	\$ -	\$ -
Building Authority - Fund 49	-	-	305,354	-	305,354	-	-	-
Total Debt Service Funds	\$ 165,427	\$ -	\$ 9,479,741	\$ -	\$ 9,645,168	\$ -	\$ -	\$ -
Total Major Funds	\$ 57,507,306	\$ 228,251,548	\$ 15,829,741	\$ 414,863	\$ 222,523,102	\$ 20,286,783	\$ -	\$ 59,193,573
<b>Non-Major Funds</b>								
<u>Special Revenue Funds</u>								
Food Services - Fund 50	\$ 5,137,665	\$ 8,520,748	\$ 142,786	\$ -	\$ 8,825,731	\$ 350,000	\$ -	\$ 4,625,468
Student Activities - Funds 60-61	1,520,502	3,072,566	4,664,256	-	7,630,138	-	-	1,627,186
Total Special Revenue Funds	\$ 6,658,167	\$ 11,593,314	\$ 4,807,042	\$ -	\$ 16,455,869	\$ 350,000	\$ -	\$ 6,252,654
Total Governmental Funds	\$ 64,165,473	\$ 239,844,862	\$ 20,636,783	\$ 414,863	\$ 238,978,971	\$ 20,636,783	\$ -	\$ 65,446,227
<b>Fiduciary Funds</b>								
Custodial - Fund 70	\$ 6,929	\$ -	\$ -	\$ -	\$ 595	\$ -	\$ -	\$ 6,334
Total Custodial Funds	\$ 6,929	\$ -	\$ -	\$ -	\$ 595	\$ -	\$ -	\$ 6,334
<b>Internal Service Fund</b>								
Health Insurance - Fund 80	\$ 7,090,578	\$ 21,843,505	\$ -	\$ -	\$ 20,015,954	\$ -	\$ -	\$ 8,918,129
Total Internal Service Fund	\$ 7,090,578	\$ 21,843,505	\$ -	\$ -	\$ 20,015,954	\$ -	\$ -	\$ 8,918,129
Total All Funds	\$ 71,262,980	\$ 261,688,367	\$ 20,636,783	\$ 414,863	\$ 258,995,520	\$ 20,636,783	\$ -	\$ 74,370,690

**SECTION III**

**STATISTICAL SECTION**



## STATISTICAL SECTION

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

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

## FINANCIAL TRENDS



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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<i>Governmental Activities:</i>										
Net Investment in Capital Assets	\$ 155,344,384	\$ 150,765,060	\$ 138,299,778	\$ 138,687,072	\$ 131,073,353	\$ 112,719,539	\$ 113,894,583	\$ 108,609,580	\$ 99,532,931	\$ 87,030,071
Restricted For:										
Capital Projects	20,905,133	16,904,238	18,760,233	10,783,055	11,861,356	16,073,740	7,604,036	8,381,613	14,170,677	21,644,544
Debt Service	-	165,427	-	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25
Unrestricted	(133,505,055)	(129,769,542)	(130,640,938)	(137,085,534)	(124,230,429)	(114,920,127)	(105,983,839)	(98,526,840)	(93,917,717)	(96,417,167)
Total Net Position	\$ 42,744,462	\$ 38,065,183	\$ 26,419,073	\$ 12,384,593	\$ 18,704,283	\$ 20,117,426	\$ 21,677,620	\$ 24,553,378	\$ 25,785,829	\$ 12,257,473

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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>General Revenues:</u>										
Taxes										
Property Taxes - Levied for General Purposes	\$ 65,291,243	\$ 59,759,099	\$ 54,885,487	\$ 51,966,845	\$ 49,974,667	\$ 47,864,783	\$ 45,117,526	\$ 42,618,543	\$ 42,408,433	\$ 38,586,475
Property Taxes - Levied for Debt Purposes	14,084,943	13,009,553	12,198,836	11,517,401	11,067,970	10,173,665	9,733,081	9,148,119	8,329,676	7,175,474
Other Tax Revenue	3,350,402	2,192,187	1,819,457	1,767,015	2,039,627	2,312,399	1,940,645	2,050,727	1,985,473	1,996,429
State Aid Not Restricted to Specific Program										
Per Pupil Aid	105,668,443	102,139,533	99,386,242	101,237,015	99,467,809	98,557,816	98,991,852	99,530,131	95,587,318	92,225,769
Gain on Sale of Land	-	2,832,859	-	-	-	-	-	-	-	-
Interest Income and Other Revenue	4,533,826	925,831	1,809,281	2,293,467	2,092,352	1,537,030	1,301,310	199,755	398,845	329,467
Total General Revenues	\$ 192,928,857	\$ 180,859,062	\$ 170,099,303	\$ 168,781,743	\$ 164,642,425	\$ 160,445,693	\$ 157,084,414	\$ 153,547,275	\$ 148,709,745	\$ 140,313,614
<u>Program Revenues:</u>										
Charges for Services										
Instruction	\$ 2,185,054	\$ 1,570,928	\$ 1,510,608	\$ 1,261,190	\$ 1,417,673	\$ 1,154,582	\$ 1,302,438	\$ 2,103,962	\$ 3,356,355	\$ 2,964,036
Support Services	7,296,046	6,961,296	4,992,241	3,564,508	3,980,818	5,600,488	5,474,993	4,564,841	4,237,716	4,466,828
Operating Grants and Contributions										
Instruction	31,592,958	30,781,049	28,539,910	23,404,568	14,836,872	12,842,416	11,194,394	11,238,277	11,117,730	10,088,989
Support Services	6,340,367	7,073,649	11,918,081	8,447,394	4,863,015	4,657,448	4,298,828	4,138,278	3,874,713	3,617,667
Capital Grants and Contributions										
Instruction	-	-	-	-	22,000	-	-	-	-	-
Support Services	-	-	106,566	915,093	936,500	1,221,250	-	-	-	-
Total Program Revenues	\$ 47,414,425	\$ 46,386,922	\$ 47,067,406	\$ 37,592,753	\$ 26,056,878	\$ 25,476,184	\$ 22,270,653	\$ 22,045,358	\$ 22,586,514	\$ 21,137,520
Total Revenues	\$ 240,343,282	\$ 227,245,984	\$ 217,166,709	\$ 206,374,496	\$ 190,699,303	\$ 185,921,877	\$ 179,355,067	\$ 175,592,633	\$ 171,296,259	\$ 161,451,134
<u>Expenses:</u>										
Instruction										
Regular Education	\$ 105,280,575	\$ 97,598,899	\$ 94,760,612	\$ 96,292,559	\$ 82,480,926	\$ 80,437,383	\$ 76,422,915	\$ 78,831,323	\$ 69,680,694	\$ 70,448,417
Special Education	43,987,446	37,039,094	34,268,813	36,092,896	33,500,437	31,522,956	28,747,433	27,080,262	23,929,574	23,254,151
Vocational Education	8,188,850	7,713,706	7,232,123	7,276,690	6,686,938	6,291,560	5,922,346	6,488,074	5,266,246	5,371,488
Adult Education	1,375,897	1,205,609	1,086,164	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958
Support Services										
Pupil Services	7,325,083	6,720,296	6,181,608	5,914,521	5,791,352	5,361,161	4,965,987	4,631,619	4,463,743	4,309,492
Instructional Staff Services	6,161,870	5,629,274	5,011,561	5,743,601	5,474,206	5,257,744	4,838,220	5,265,195	4,808,464	5,118,405
General Administration Services	4,117,732	3,380,837	3,092,448	3,243,108	3,825,675	3,812,118	3,096,857	3,641,029	3,253,138	2,971,883
School Administration Services	12,513,439	11,655,098	11,503,836	12,810,030	11,532,962	11,042,831	11,661,313	11,009,330	9,917,016	9,916,374
Business Services	2,640,560	5,386,024	4,640,293	5,187,818	4,929,666	4,873,040	5,369,281	5,264,611	4,727,200	3,217,322
Operations and Maintenance	20,765,763	17,035,928	15,127,100	19,020,338	18,139,904	17,324,802	20,404,100	16,791,601	14,842,032	16,306,669
Pupil Transportation Services	3,209,929	3,345,150	2,936,339	2,991,426	2,476,412	2,697,027	2,461,717	2,515,821	2,160,375	2,320,569
Co-Curricular	8,277,171	7,267,313	7,069,152	6,633,570	5,827,392	7,209,485	5,750,730	4,378,169	4,185,324	4,123,652
Food Services Outlay	9,025,540	8,357,590	8,224,383	7,331,939	7,447,411	7,237,490	6,921,487	6,556,433	5,560,030	6,338,682
Community Services	323,487	988,477	1,227,476	780,709	96,642	95,378	91,079	94,552	262,213	293,853
Interest and Charges on Long-Term Debt	2,470,661	2,276,579	2,381,346	2,234,844	2,815,047	3,359,553	3,022,188	3,341,347	3,842,437	3,914,570
Total Expenses	\$ 235,664,003	\$ 215,599,874	\$ 204,743,254	\$ 212,695,030	\$ 192,112,446	\$ 187,482,071	\$ 180,588,258	\$ 176,825,084	\$ 157,767,903	\$ 158,647,485
Change in Net Position	\$ 4,679,279	\$ 11,646,110	\$ 12,423,455	\$ (6,320,534)	\$ (1,413,143)	\$ (1,560,194)	\$ (1,233,191)	\$ (1,232,451)	\$ 13,528,356	\$ 2,803,649
Net Position - July 1	\$ 38,065,183	\$ 26,419,073	\$ 12,384,593	\$ 18,704,283	\$ 20,117,426	\$ 21,677,620	\$ 24,553,378	\$ 25,785,829	\$ 12,257,473	\$ 144,125,881
Prior Period Adjustment	\$ -	\$ -	\$ 1,611,025	\$ 844	\$ -	\$ -	\$ (1,642,567)	\$ -	\$ -	\$ (134,672,057)
Net Position - July 1	\$ 38,065,183	\$ 26,419,073	\$ 13,995,618	\$ 18,705,127	\$ 20,117,426	\$ 21,677,620	\$ 22,910,811	\$ 25,785,829	\$ 12,257,473	\$ 9,453,824
Net Position - June 30	\$ 42,744,462	\$ 38,065,183	\$ 26,419,073	\$ 12,384,593	\$ 18,704,283	\$ 20,117,426	\$ 21,677,620	\$ 24,553,378	\$ 25,785,829	\$ 12,257,473

Source of Data: District Accounting Department

## BOARD OF EDUCATION OF THE CITY OF FARGO

### Summary of General Fund Revenue by Source

Last Ten Fiscal Years

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<b>Year Ended June 30,</b>	<b>Local Sources</b>	<b>State Sources</b>	<b>Federal Sources</b>	<b>Other Sources</b>	<b>Total</b>
2015	\$ 44,429,346	\$ 94,885,888	\$ 8,141,404	\$ 210,875	\$147,667,513
2016	48,523,931	99,398,412	7,793,909	185,428	155,901,680
2017	47,575,470	103,024,346	8,428,084	26,470	159,054,370
2018	49,494,266	102,407,881	8,647,044	123,074	160,672,265
2019	52,715,159	102,695,246	9,716,163	12,872	165,139,440
2020	55,665,836	103,628,183	11,744,065	2,800	171,040,884
2021	59,840,738	105,424,508	19,809,551	43,393	185,118,190
2022	60,500,759	104,388,040	24,551,201	63,993	189,503,993
2023	67,026,373	107,081,860	29,588,638	74,873	203,771,744
2024	74,932,807	110,842,057	27,200,817	24,826	213,000,507

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Summary of General Fund Expenditures by Function

Last Ten Fiscal Years

Year Ended June 30,	Instruction				Support Services			
	Regular Education	Special Education	Vocational Education	Adult Education	Pupil Services	Instructional Staff Services	General Administration Services	School Administration Services
2015	\$ 68,965,147	\$ 22,724,862	\$ 5,219,095	\$ 757,214	\$ 4,243,820	\$ 4,981,551	\$ 2,461,995	\$ 9,652,255
2016	70,810,878	24,420,358	5,426,695	886,606	4,410,997	4,975,739	2,618,431	10,078,238
2017	73,095,302	25,215,023	5,966,993	849,895	4,377,276	4,895,252	2,786,378	10,214,991
2018	72,427,801	27,382,094	5,700,296	861,503	4,742,513	4,615,325	3,150,824	10,134,016
2019	75,053,916	29,646,194	5,866,650	895,352	5,094,390	4,942,728	3,010,838	10,282,923
2020	76,724,605	31,233,539	6,112,140	1,005,564	5,377,440	5,091,269	2,780,230	10,918,187
2021	85,998,712	32,239,016	6,499,733	1,019,470	5,283,342	5,130,713	2,897,225	11,390,159
2022	91,423,146	33,801,666	7,150,256	1,049,967	6,094,962	4,924,121	3,068,965	11,304,089
2023	97,204,009	35,636,742	7,394,188	1,193,463	6,471,239	5,391,207	3,225,874	11,176,324
2024	99,578,679	42,556,197	7,907,560	1,317,936	7,092,325	5,950,529	3,976,658	12,066,672

Year Ended June 30,	Support Services					Capital Outlay	Debt Service	Total
	Business Services	Operations and Maintenance	Pupil Transportation Services	Co-Curricular Activities	Community Services			
2015	\$ 3,169,752	\$ 15,819,734	\$ 2,247,814	\$ 217,573	\$ 289,205	\$ 33,595	\$ -	\$ 140,783,612
2016	4,897,258	16,226,326	2,209,448	230,387	266,967	-	-	147,458,328
2017	4,926,683	15,249,635	2,344,675	240,863	88,124	-	-	150,251,090
2018	4,885,816	17,024,384	2,407,839	242,261	89,329	-	-	153,664,001
2019	4,582,477	16,238,223	2,539,251	251,452	89,801	-	-	158,494,195
2020	4,540,771	15,897,575	2,310,011	255,425	90,156	-	-	162,336,912
2021	4,792,419	17,257,790	2,671,883	261,580	697,159	-	-	176,139,201
2022	4,994,852	16,904,484	2,878,270	264,502	1,226,357	1,696,913	-	186,782,550
2023	5,136,770	16,867,166	3,190,547	275,537	978,519	1,629,637	-	195,771,222
2024	2,562,926	20,855,499	3,118,197	296,323	317,531	2,767,221	306,219	210,670,472

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Local Sources</u>										
Property Taxes	\$ 79,376,186	\$ 72,768,652	\$ 67,084,323	\$ 63,484,246	\$ 61,042,637	\$ 58,038,448	\$ 54,850,607	\$ 51,766,662	\$ 50,738,109	\$ 45,761,949
Charges for Services	9,481,100	8,532,224	6,502,849	4,825,698	5,398,491	6,755,070	6,777,431	6,668,803	7,594,071	7,430,864
Other Tax Revenue	3,350,402	2,192,187	1,819,457	1,767,015	2,039,627	2,312,399	1,940,645	2,050,727	1,985,473	1,996,429
Capital Grants and Contributions	-	-	106,566	915,093	958,500	1,221,250	-	-	-	-
Total Local Sources	\$ 92,207,688	\$ 83,493,063	\$ 75,513,195	\$ 70,992,052	\$ 69,439,255	\$ 68,327,167	\$ 63,568,683	\$ 60,486,192	\$ 60,317,653	\$ 55,189,242
<u>State Sources</u>										
Per Pupil Aid	\$ 105,668,443	\$ 102,139,533	\$ 99,386,242	\$ 101,237,015	\$ 99,467,809	\$ 98,557,816	\$ 98,991,852	\$ 99,530,131	\$ 95,587,318	\$ 92,225,769
<u>Federal Sources</u>										
Operating Grants and Contributions	\$ 37,933,325	\$ 37,854,698	\$ 40,457,991	\$ 31,851,962	\$ 19,699,887	\$ 17,499,864	\$ 15,493,222	\$ 15,376,555	\$ 14,992,443	\$ 13,706,656
Gain on Sale of Land	\$ -	\$ 2,832,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income and Other Revenue	\$ 4,533,826	\$ 925,831	\$ 1,809,281	\$ 2,293,467	\$ 2,092,352	\$ 1,537,030	\$ 1,301,310	\$ 199,755	\$ 398,845	\$ 329,467
Total Revenues	\$ 240,343,282	\$ 227,245,984	\$ 217,166,709	\$ 206,374,496	\$ 190,699,303	\$ 185,921,877	\$ 179,355,067	\$ 175,592,633	\$ 171,296,259	\$ 161,451,134

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Instruction:</u>										
Regular Education	\$ 105,280,575	\$ 97,598,899	\$ 94,760,612	\$ 96,292,559	\$ 82,480,926	\$ 80,437,383	\$ 76,422,915	\$ 78,831,323	\$ 69,680,694	\$ 70,448,417
Special Education	43,987,446	37,039,094	34,268,813	36,092,896	33,500,437	31,522,956	28,747,433	27,080,262	23,929,574	23,254,151
Vocational Education	8,188,850	7,713,706	7,232,123	7,276,690	6,686,938	6,291,560	5,922,346	6,488,074	5,266,246	5,371,488
Adult Education	1,375,897	1,205,609	1,086,164	1,140,981	1,087,476	959,543	912,605	935,718	869,417	741,958
Total Instruction	\$ 158,832,768	\$ 143,557,308	\$ 137,347,712	\$ 140,803,126	\$ 123,755,777	\$ 119,211,442	\$ 112,005,299	\$ 113,335,377	\$ 99,745,931	\$ 99,816,014
<u>Supporting Services:</u>										
Pupil Services	\$ 7,325,083	\$ 6,720,296	\$ 6,181,608	\$ 5,914,521	\$ 5,791,352	\$ 5,361,161	\$ 4,965,987	\$ 4,631,619	\$ 4,463,743	\$ 4,309,492
Instructional Staff Services	6,161,870	5,629,274	5,011,561	5,743,601	5,474,206	5,257,744	4,838,220	5,265,195	4,808,464	5,118,405
General Administrative Services	4,117,732	3,380,837	3,092,448	3,243,108	3,825,675	3,812,118	3,096,857	3,641,029	3,253,138	2,971,883
School Administrative Services	12,513,439	11,655,098	11,503,836	12,810,030	11,532,962	11,042,831	11,661,313	11,009,330	9,917,016	9,916,374
Business Services	2,640,560	5,386,024	4,640,293	5,187,818	4,929,666	4,873,040	5,369,281	5,264,611	4,727,200	3,217,322
Operations and Maintenance	20,765,763	17,035,928	15,127,100	19,020,338	18,139,904	17,324,802	20,404,100	16,791,601	14,842,032	16,306,669
Pupil Transportation Services	3,209,929	3,345,150	2,936,339	2,991,426	2,476,412	2,697,027	2,461,717	2,515,821	2,160,375	2,320,569
Co-Curricular Activities	8,277,171	7,267,313	7,069,152	6,633,570	5,827,392	7,209,485	5,750,730	4,378,169	4,185,324	4,123,652
Food Service Outlay	9,025,540	8,357,590	8,224,383	7,331,939	7,447,411	7,237,490	6,921,487	6,556,433	5,560,030	6,338,682
Community Services	323,487	988,477	1,227,476	780,709	96,642	95,378	91,079	94,552	262,213	293,853
Total Supporting Services	\$ 74,360,574	\$ 69,765,987	\$ 65,014,196	\$ 69,657,060	\$ 65,541,622	\$ 64,911,076	\$ 65,560,771	\$ 60,148,360	\$ 54,179,535	\$ 54,916,901
Interest and Fees on Long-Term Debt	\$ 2,470,661	\$ 2,276,579	\$ 2,381,346	\$ 2,234,844	\$ 2,815,047	\$ 3,359,553	\$ 3,022,188	\$ 3,341,347	\$ 3,842,437	\$ 3,914,570
Total Expenditures	\$ 235,664,003	\$ 215,599,874	\$ 204,743,254	\$ 212,695,030	\$ 192,112,446	\$ 187,482,071	\$ 180,588,258	\$ 176,825,084	\$ 157,767,903	\$ 158,647,485

Source of Data: District Accounting Department

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

## Summary of Special Revenue Funds Revenues and Expenditures

Last Ten Fiscal Years

**REVENUE HISTORY**

<b>Fiscal Year</b>	<b>Food Services Fund</b>	<b>Student Activities Fund</b>	<b>Total Revenue</b>
2015	\$ 6,021,511	\$ 474,453	\$ 6,495,964
2016	6,108,742	477,901	6,586,643
2017	6,439,904	478,782	6,918,686
2018	6,907,001	1,318,620	8,225,621
2019	7,149,482	2,421,022	9,570,504
2020	6,430,805	1,704,334	8,135,139
2021	7,585,832	2,709,245	10,295,077
2022	10,472,240	3,012,289	13,484,529
2023	8,371,006	2,742,882	11,113,888
2024	8,520,748	3,072,566	11,593,314

**EXPENDITURE HISTORY**

<b>Fiscal Year</b>	<b>Food Services Fund</b>	<b>Student Activities Fund</b>	<b>Total Expenditures</b>
2015	\$ 6,111,901	\$ 3,795,353	\$ 9,907,254
2016	6,233,833	4,057,037	10,290,870
2017	6,300,358	4,008,970	10,309,328
2018	6,405,284	5,304,617	11,709,901
2019	6,814,682	6,533,061	13,347,743
2020	6,867,497	6,570,837	13,438,334
2021	6,525,028	6,524,900	13,049,928
2022	8,049,151	6,914,932	14,964,083
2023	8,156,036	7,003,609	15,159,645
2024	8,825,731	7,630,138	16,455,869

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable										
Inventories	\$ 678,799	\$ 711,623	\$ 660,004	\$ 581,774	\$ 415,908	\$ 271,175	\$ 230,435	\$ 215,830	\$ 190,953	\$ 169,767
Prepaid Items	-	81,116	-	-	-	-	-	-	-	16,410
Unassigned	38,381,755	40,285,313	36,618,457	36,421,877	32,558,770	31,581,692	31,705,843	31,432,447	29,994,401	28,789,664
Total General Fund	<u>\$39,060,554</u>	<u>\$41,078,052</u>	<u>\$ 37,278,461</u>	<u>\$ 37,003,651</u>	<u>\$ 32,974,678</u>	<u>\$ 31,852,867</u>	<u>\$ 31,936,278</u>	<u>\$ 31,648,277</u>	<u>\$ 30,185,354</u>	<u>\$ 28,975,841</u>
Other Major and Governmental Funds										
Nonspendable										
Inventories	\$ 150,987	\$ 150,833	\$ 203,978	\$ 170,744	\$ 171,367	\$ 81,770	\$ 1	\$ 9,467	\$ 10,024	\$ 10,413
Prepaid Items	19,098	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	2,416,783
Restricted										
Debt Service	-	165,427	-	-	3	6,244,274	6,162,840	6,089,025	5,999,938	25
Capital Projects	20,133,019	16,263,827	18,155,915	10,283,942	11,861,356	16,073,740	8,766,016	9,816,091	15,333,337	17,882,495
Committed										
Special Revenue	6,082,569	6,507,334	6,507,929	4,161,905	2,249,320	3,083,991	3,123,038	2,561,886	2,350,853	2,405,004
Total Other Major and Governmental Funds	<u>\$26,385,673</u>	<u>\$23,087,421</u>	<u>\$ 24,867,822</u>	<u>\$ 14,616,591</u>	<u>\$ 14,282,046</u>	<u>\$ 25,483,775</u>	<u>\$ 18,051,895</u>	<u>\$ 18,476,469</u>	<u>\$ 23,694,152</u>	<u>\$ 22,714,720</u>
Total Governmental Funds	<u>\$65,446,227</u>	<u>\$64,165,473</u>	<u>\$ 62,146,283</u>	<u>\$ 51,620,242</u>	<u>\$ 47,256,724</u>	<u>\$ 57,336,642</u>	<u>\$ 49,988,173</u>	<u>\$ 50,124,746</u>	<u>\$ 53,879,506</u>	<u>\$ 51,690,561</u>

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues:</b>										
Local Sources	\$ 96,891,963	\$ 87,260,360	\$ 77,253,251	\$ 74,790,426	\$ 71,676,683	\$ 69,663,972	\$ 64,567,840	\$ 61,013,963	\$ 61,275,302	\$ 56,043,730
State Sources	111,009,623	107,150,543	104,435,579	105,474,701	103,682,372	102,747,804	102,455,020	103,076,434	99,459,748	94,945,777
Federal Sources	31,918,450	34,470,572	34,127,137	26,958,634	15,272,459	13,004,928	11,761,703	11,445,161	10,567,291	10,710,207
Other Sources	24,826	74,873	63,997	43,393	2,800	12,872	123,074	26,470	185,428	210,875
<b>Total Revenues</b>	<b>\$239,844,862</b>	<b>\$ 228,956,348</b>	<b>\$ 215,879,964</b>	<b>\$ 207,267,154</b>	<b>\$ 190,634,314</b>	<b>\$ 185,429,576</b>	<b>\$ 178,907,637</b>	<b>\$ 175,562,028</b>	<b>\$ 171,487,769</b>	<b>\$ 161,910,589</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Education	\$ 99,578,679	\$ 97,204,009	\$ 91,423,146	\$ 85,998,712	\$ 76,724,605	\$ 75,053,916	\$ 72,427,801	\$ 73,095,302	\$ 70,810,878	\$ 68,965,147
Special Education	42,556,197	35,636,742	33,801,666	32,239,016	31,233,539	29,646,194	27,382,094	25,215,023	24,420,358	22,724,862
Vocational Education	7,907,560	7,394,188	7,150,256	6,499,733	6,112,140	5,866,650	5,700,296	5,966,993	5,426,695	5,219,095
Adult Education	1,317,936	1,193,463	1,049,967	1,019,470	1,005,564	895,352	861,503	849,895	886,606	757,214
<b>Support Services:</b>										
Pupil Services	7,092,325	6,471,239	6,094,962	5,283,342	5,377,440	5,094,390	4,742,513	4,377,276	4,410,997	4,243,820
Instructional Staff Services	5,950,529	5,391,207	4,924,121	5,130,713	5,091,269	4,942,728	4,615,325	4,895,252	4,975,739	4,981,551
General Administration Services	3,976,658	3,225,874	3,068,965	2,897,225	2,780,230	3,010,838	3,150,824	2,786,378	2,618,431	2,461,995
School Administration Services	12,066,672	11,176,324	11,304,089	11,390,159	10,918,187	10,282,923	10,134,016	10,214,991	10,078,238	9,652,255
Business Services	2,562,926	5,136,770	4,994,852	4,792,419	4,540,771	4,582,477	4,885,816	4,926,683	4,897,258	3,169,752
Operations and Maintenance	20,882,265	16,878,957	16,904,485	17,807,640	16,900,575	16,240,573	19,004,513	15,609,807	16,410,620	15,821,884
Pupil Transportation Services	3,118,197	3,190,547	2,878,270	2,671,883	2,310,011	2,539,251	2,407,839	2,344,675	2,209,448	2,247,814
Co-Curricular Activities	7,926,461	6,971,561	6,864,686	6,786,480	6,826,262	6,784,513	5,546,878	4,249,833	4,287,424	4,012,926
Food Service Outlay	8,825,731	8,156,036	8,030,217	6,525,028	6,310,644	10,859,799	1,194,345	7,118,991	12,825,437	17,782,561
Community Services	317,531	978,519	1,226,357	697,159	6,867,497	6,814,682	6,405,284	6,300,358	6,233,833	6,111,901
Capital Outlay	4,807,111	39,110,450	6,023,075	16,765,000	90,156	89,801	89,329	88,124	266,967	289,205
<b>Total Expenditures</b>	<b>\$228,886,778</b>	<b>\$ 248,115,886</b>	<b>\$ 205,739,114</b>	<b>\$ 206,503,979</b>	<b>\$ 183,088,890</b>	<b>\$ 182,704,087</b>	<b>\$ 168,548,376</b>	<b>\$ 168,039,581</b>	<b>\$ 170,758,929</b>	<b>\$ 168,441,982</b>
<b>Debt Service:</b>										
Principal	\$ 7,076,263	\$ 4,871,727	\$ 6,374,420	\$ 5,780,877	\$ 8,333,566	\$ 7,811,989	\$ 7,385,570	\$ 7,093,448	\$ 8,495,676	\$ 7,386,450
Interest	2,965,790	2,652,873	2,676,738	2,651,663	3,045,777	3,156,784	3,171,605	3,229,083	3,661,121	3,678,943
Bond Costs	50,140	253,692	333,843	185,623	207,619	163,462	755	109,704	518,233	296,985
<b>Total Debt Service Expenditures</b>	<b>\$ 10,092,193</b>	<b>\$ 7,778,292</b>	<b>\$ 9,385,001</b>	<b>\$ 8,618,163</b>	<b>\$ 11,586,962</b>	<b>\$ 11,132,235</b>	<b>\$ 10,557,930</b>	<b>\$ 10,432,235</b>	<b>\$ 12,675,030</b>	<b>\$ 11,362,378</b>
<b>Total Expenditures</b>	<b>\$238,978,971</b>	<b>\$ 255,894,178</b>	<b>\$ 215,124,115</b>	<b>\$ 215,122,142</b>	<b>\$ 194,675,852</b>	<b>\$ 193,836,322</b>	<b>\$ 179,106,306</b>	<b>\$ 178,471,816</b>	<b>\$ 183,433,959</b>	<b>\$ 179,804,360</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 865,891</b>	<b>\$ (26,937,830)</b>	<b>\$ 755,849</b>	<b>\$ (7,854,988)</b>	<b>\$ (4,041,538)</b>	<b>\$ (8,406,746)</b>	<b>\$ (198,669)</b>	<b>\$ (2,909,788)</b>	<b>\$ (11,946,190)</b>	<b>\$ (17,893,771)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers In	\$ 20,636,783	\$ 18,182,818	\$ 20,045,832	\$ 18,355,542	\$ 46,763,273	\$ 20,084,663	\$ 19,073,264	\$ 25,708,269	\$ 52,784,034	\$ 25,120,133
Transfers Out	(20,636,783)	(18,182,818)	(20,045,832)	(18,355,542)	(46,763,273)	(20,084,663)	(19,073,264)	(26,681,481)	(52,784,034)	(25,120,133)
Premium on the Sale of Bonds	-	542,073	130,211	986,497	743,036	1,719,394	-	672,342	3,002,555	312,351
Debt Issuance	-	17,155,000	7,920,000	11,205,000	18,475,000	14,000,000	-	8,795,000	29,470,000	19,585,000
Payment to Refunded Bond Escrow Agent	-	-	-	-	(25,270,000)	-	-	(9,350,000)	(26,455,000)	(10,000,000)
Sale of Land	-	8,331,939	-	-	-	-	-	-	-	-
Gain on Sale of Land	-	2,832,859	-	-	-	-	-	-	-	-
Refund of Prior Year's Expense	-	-	-	-	10,297	10,781	9,900	-	-	-
Right-to-Use Asset Proceeds	54,685	-	-	-	-	-	-	-	-	-
Subscription-Based IT Asset Proceeds	282,555	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	77,623	95,149	13,599	27,865	3,287	25,040	52,196	10,898	8,117,580	235,707
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 414,863</b>	<b>\$ 28,957,020</b>	<b>\$ 8,063,810</b>	<b>\$ 12,219,362</b>	<b>\$ (6,038,380)</b>	<b>\$ 15,755,215</b>	<b>\$ 62,096</b>	<b>\$ (844,972)</b>	<b>\$ 14,135,135</b>	<b>\$ 10,133,058</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,280,754</b>	<b>\$ 2,019,190</b>	<b>\$ 8,819,659</b>	<b>\$ 4,364,374</b>	<b>\$ (10,079,918)</b>	<b>\$ 7,348,469</b>	<b>\$ (136,573)</b>	<b>\$ (3,754,760)</b>	<b>\$ 2,188,945</b>	<b>\$ (7,760,713)</b>
<b>Fund Balance - July 1</b>	<b>\$ 64,165,473</b>	<b>\$ 62,146,283</b>	<b>\$ 51,620,242</b>	<b>\$ 47,256,724</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>	<b>\$ 59,451,274</b>
<b>Prior Period Adjustment</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,706,382</b>	<b>\$ (856)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance - July 1</b>	<b>\$ 64,165,473</b>	<b>\$ 62,146,283</b>	<b>\$ 53,326,624</b>	<b>\$ 47,255,868</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>	<b>\$ 59,451,274</b>
<b>Fund Balance - June 30</b>	<b>\$ 65,446,227</b>	<b>\$ 64,165,473</b>	<b>\$ 62,146,283</b>	<b>\$ 51,620,242</b>	<b>\$ 47,256,724</b>	<b>\$ 57,336,642</b>	<b>\$ 49,988,173</b>	<b>\$ 50,124,746</b>	<b>\$ 53,879,506</b>	<b>\$ 51,690,561</b>

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

## Summary of General Fund Balances

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Beginning Fund Balance at July 1</b>	<b>Prior Period Adjustment</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Ending Fund Balance at June 30</b>
2015	\$ 28,228,428	\$ -	\$ 147,667,513	\$ 140,783,612	\$ (6,136,488)	\$ 28,975,841
2016	28,975,841	-	155,901,680	147,458,328	(7,233,839)	30,185,354
2017	30,185,354	-	159,054,370	150,251,090	(7,340,357)	31,648,277
2018	31,648,277	-	160,672,265	153,664,001	(6,720,263)	31,936,278
2019	31,936,278	-	165,139,440	158,494,195	(6,728,656)	31,852,867
2020	31,852,867	-	171,040,884	162,336,912	(7,582,161)	32,974,678
2021	32,974,678	(1,193,831)	185,118,190	176,139,201	(3,756,185)	37,003,651
2022	37,003,651	1,689,630	189,503,993	186,782,550	(4,136,263)	37,278,461
2023	37,278,461	-	203,771,744	195,771,222	(4,200,931)	41,078,052
2024	41,078,052	-	213,000,507	210,670,472	(4,347,533)	39,060,554

Source of Data: District Accounting Department

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

## Summary of Special Revenue Fund Balances

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Food Services Fund</b>	<b>Student Activities Fund</b>	<b>Total</b>
2015	\$ 2,415,417	\$ -	\$ 2,415,417
2016	2,360,877	-	2,360,877
2017	2,571,353	-	2,571,353
2018	3,123,039	-	3,123,039
2019	3,165,761	-	3,165,761
2020	2,420,687	-	2,420,687
2021	3,186,213	1,163,188	4,349,401
2022	5,262,471	1,449,436	6,711,907
2023	5,137,665	1,520,502	6,658,167
2024	4,625,468	1,627,186	6,252,654

Source of Data: District Accounting Department

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

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

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<b>Fiscal Year</b>	<b>Unassigned Fund Balance</b>	<b>Annual Expenditures</b>	<b>Balance as a Percent of Expenditures</b>
2015	\$ 28,789,664	\$ 140,783,612	20.45%
2016	29,994,401	147,458,328	20.34%
2017	31,432,447	150,251,090	20.92%
2018	31,705,843	153,664,001	20.63%
2019	31,581,692	158,494,195	19.93%
2020	32,558,770	162,336,912	20.06%
2021	36,421,877	176,139,201	20.68%
2022	36,618,457	186,782,550	19.60%
2023	40,285,313	195,771,222	20.58%
2024	38,381,755	210,670,472	18.22%

Source of Data: District Accounting Department

## REVENUE CAPACITY



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Assessed and Taxable Values of District Property

### Last Ten Fiscal Years

Fiscal Year	Farm	Business Lots	Business Buildings	Residential Lots	Residential Buildings	Taxable Value	Homestead Credit	Veteran's Credit	Net Taxable Value	Assessed Value	Real Market Value	Taxable Value as a Percentage of Assessed Value
2015	\$ 770,885	\$ 24,433,130	\$ 88,401,205	\$ 24,852,063	\$ 153,072,790	\$ 291,530,073	\$ (1,760,139)	\$ (1,301,798)	\$ 288,468,136	\$ 3,074,201,216	\$ 6,148,402,431	9.38%
2016	794,940	25,894,594	102,498,175	25,580,894	166,701,799	321,470,402	(1,995,674)	(1,561,559)	317,913,169	3,384,184,844	6,768,369,688	9.39%
2017	811,465	27,254,663	115,160,350	37,498,399	173,494,295	354,219,172	(1,627,781)	(2,362,230)	350,229,161	3,725,331,416	7,450,662,831	9.40%
2018	786,225	33,612,128	115,271,750	37,791,809	190,171,681	377,633,593	(2,485,217)	(1,822,195)	373,326,181	3,982,856,465	7,965,712,930	9.37%
2019	786,530	38,057,220	121,339,465	38,073,495	200,848,825	399,105,535	(2,543,461)	(1,946,331)	394,615,743	4,206,162,216	8,412,324,431	9.38%
2020	843,135	45,640,811	133,152,460	62,792,915	193,040,637	435,469,958	(2,504,966)	(2,336,391)	430,628,601	4,576,362,678	9,152,725,355	9.41%
2021	850,030	45,721,707	147,226,725	63,485,631	202,396,669	459,680,762	(2,661,054)	(2,895,187)	454,124,521	4,835,417,510	9,670,835,019	9.39%
2022	809,010	46,626,806	161,911,613	64,238,717	226,211,974	499,798,120	(2,359,502)	(3,053,201)	494,385,417	5,258,060,055	10,516,120,109	9.40%
2023	835,965	50,940,825	181,406,370	64,580,861	257,219,640	554,983,661	(6,641,037)	(3,444,202)	544,898,422	5,833,855,049	11,667,710,097	9.34%
2024	826,745	51,785,074	189,753,022	65,018,581	276,163,527	583,546,949	(10,051,462)	(3,883,310)	569,612,177	6,137,322,570	12,274,645,139	9.28%

Source: Cass County Assessor's Office

## BOARD OF EDUCATION OF THE CITY OF FARGO

Assessed and Real Market Values of Taxable Properties

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Net Taxable Value</b>	<b>Assessed Value</b>	<b>Real Market Value</b>
2015	\$ 288,468,136	\$ 3,074,201,216	\$ 6,148,402,431
2016	317,913,169	3,384,184,844	6,768,369,688
2017	350,229,161	3,725,331,416	7,450,662,831
2018	373,326,181	3,982,856,465	7,965,712,930
2019	394,615,743	4,206,162,216	8,412,324,431
2020	430,628,601	4,576,362,678	9,152,725,355
2021	454,124,521	4,835,417,510	9,670,835,019
2022	494,385,417	5,258,060,055	10,516,120,109
2023	544,898,422	5,833,855,049	11,667,710,097
2024	569,612,177	6,137,322,570	12,274,645,139

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

History of Tax Rates  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>General Fund</b>	<b>Building Fund</b>	<b>Special Assessment Fund</b>	<b>Total Mills</b>
2015	139.00	26.35	0.00	165.35
2016	139.00	26.35	1.00	166.35
2017	127.00	26.35	1.00	154.35
2018	126.78	26.35	1.00	154.13
2019	126.78	26.35	1.00	154.13
2020	126.78	26.35	1.25	154.38
2021	126.78	26.35	1.25	154.38
2022	126.78	26.35	1.25	154.38
2023	126.78	26.35	1.25	154.38
2024	126.78	26.35	1.00	154.13

Source of Data: District Accounting Department

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

Principal Taxpayers

Current Tax Year and Nine Tax Years Ago

Taxpayer	Tax Year 2023		Tax Year 2014	
	Net Taxable Value	Percentage of Total Net Taxable Value	Net Taxable Value	Percentage of Total Net Taxable Value
Northern States Power Company	\$ 6,551,299	1.15%	\$ 3,430,252	1.19%
Preylock Fargo LLC	5,364,225	0.94%		
Sanford Medical Center	2,587,815	0.45%	1,390,410	0.48%
Great Plains Software Inc	2,363,725	0.41%	1,836,633	0.64%
EWR Fargo U32 Apartments LLC	1,730,170	0.30%		
1709 25th Ave S	1,592,965	0.28%		
PSJ Acquisition LLC	1,567,470	0.28%		
Case Equipment Corporation	1,491,985	0.26%	1,030,250	0.36%
Sanford North	1,425,630	0.25%		
NDSU Development Foundation	1,247,450	0.22%		
Innovis Health LLC			1,584,110	0.55%
Inreit Properties LLLP			2,377,049	0.82%
Matrix Properties Corp.			1,428,585	0.50%
Meritcare Medical Group			1,032,400	0.36%
Wal-Mart Real Estate Business Trust			855,250	0.30%
The Waterford at Harwood Groves LLC			934,340	0.32%
Total Attributable to Ten Largest Taxpayers	\$ 25,922,734	4.54%	\$ 15,899,279	5.52%
Total Taxable Value	\$ 569,612,177	100.00%	\$ 288,468,136	100.00%

Source of Data: Cass County Auditor's Office

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year of the Original Levy		Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Original Levy	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2015	\$ 47,698,206	\$ 362,586	\$ 48,060,792	\$ 44,425,390	93.14%	\$ 1,595,322	\$ 46,020,712	95.76%
2016	52,884,855	419,054	53,303,909	49,224,792	93.08%	1,746,698	50,971,490	95.62%
2017	54,057,871	332,151	54,390,022	50,026,223	92.54%	1,798,229	51,824,452	95.28%
2018	57,540,764	380,359	57,921,123	52,553,717	91.33%	2,826,048	55,379,765	95.61%
2019	61,400,132	(161,860)	61,238,272	58,136,869	94.69%	500,491	58,637,360	95.75%
2020	64,176,155	(146,978)	64,029,177	57,934,764	90.27%	3,290,451	61,225,215	95.62%
2021	66,591,409	(112,688)	66,478,721	63,094,729	94.75%	341,897	63,436,626	95.42%
2022	70,234,269	(52,973)	70,181,296	66,575,501	94.79%	326,098	66,901,599	95.33%
2023	84,150,705	(664,424)	83,486,281	76,041,103	90.36%	-	76,041,103	91.08%
2024	89,942,091	-	89,942,091	81,986,443 *	91.15%	-	81,986,443	91.15%

\*Collection is as of June 30, 2024

Source: Cass County Auditor's Office

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Levies and Mill Conversion

### Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net Taxable Valuation	\$ 569,612,177	\$ 544,898,422	\$494,385,417	\$ 454,124,521	\$430,628,601	\$394,615,743	\$373,326,181	\$350,229,161	\$317,913,169	\$288,468,136
One Millage of Tax	X 0.001	X 0.001	X 0.001	X 0.001	X 0.001	X 0.001	X 0.001	X 0.001	X 0.001	X 0.001
Each Mill Will Return (Approximately)	<u>\$ 569,612</u>	<u>\$ 544,898</u>	<u>\$ 494,385</u>	<u>\$ 454,125</u>	<u>\$ 430,629</u>	<u>\$ 394,616</u>	<u>\$ 373,326</u>	<u>\$ 350,229</u>	<u>\$ 317,913</u>	<u>\$ 288,468</u>
<b>Actual Dollars Levied</b>										
General Fund	\$ 70,360,829	\$ 63,279,666	\$ 58,278,327	\$ 55,207,201	\$ 52,341,988	\$ 50,029,384	\$ 47,330,293	\$ 44,479,103	\$ 44,189,930	\$ 40,165,301
Building Fund	14,623,819	13,152,068	12,112,588	11,474,284	10,878,777	10,398,124	9,837,145	9,228,538	8,377,012	7,614,070
Special Assessments Fund	554,984	623,912	574,601	544,321	516,071	394,616	373,326	350,229	317,913	-
Total Required Levy	<u>\$ 85,539,632</u>	<u>\$ 77,055,646</u>	<u>\$ 70,965,516</u>	<u>\$ 67,225,806</u>	<u>\$ 63,736,836</u>	<u>\$ 60,822,124</u>	<u>\$ 57,540,764</u>	<u>\$ 54,057,870</u>	<u>\$ 52,884,855</u>	<u>\$ 47,779,371</u>
<b>Mill Conversion:</b>										
General Fund	126.78	126.78	126.78	126.78	126.78	126.78	126.78	127.00	139.00	139.00
Building Fund	26.35	26.35	26.35	26.35	26.35	26.35	26.35	26.35	26.35	26.35
Special Assessments Fund	1.00	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	0.00
Total Mill Levy	<u>154.13</u>	<u>154.38</u>	<u>154.38</u>	<u>154.38</u>	<u>154.38</u>	<u>154.13</u>	<u>154.13</u>	<u>154.35</u>	<u>166.35</u>	<u>165.35</u>

Source of Data: District Accounting Department

## DEBT CAPACITY



## BOARD OF EDUCATION OF THE CITY OF FARGO

Ratio of General Obligation Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Bond Premium	Net Taxable Valuation	Percent of Estimated Actual Taxable Value of Property	Estimated Population*	Per Capita Debt
2015	\$ 108,870,000	\$ 21	\$ 108,869,979	\$ 1,176,162	\$ 288,468,136	37.74%	115,863	940
2016	103,612,508	27	103,612,481	3,904,938	317,913,169	32.59%	118,523	874
2017	97,067,291	7,660	97,059,631	3,967,523	350,229,161	27.71%	120,762	804
2018	90,124,322	20	90,124,302	3,450,823	373,326,181	24.14%	122,359	737
2019	96,718,574	-	96,718,574	4,610,532	394,615,743	24.51%	124,844	775
2020	81,685,018	3	81,685,015	4,761,548	430,628,601	18.97%	124,662	655
2021	87,128,626	-	87,128,626	5,060,417	454,124,521	19.19%	125,990	692
2022	88,694,370	-	88,694,370	4,478,338	494,385,417	17.94%	126,748	700
2023	101,152,222	165,427	100,986,795	4,304,692	544,898,422	18.53%	131,444	768
2024	94,442,153	-	94,442,153	3,625,246	569,612,177	16.58%	133,188	709

\*Estimated Population: United States Census Bureau Quickfacts

Source: District Accounting Department  
Cass County Auditor's Office

## BOARD OF EDUCATION OF THE CITY OF FARGO

Direct and Overlapping Debt

For the Year Ended June 30, 2024

Taxing Authority	Outstanding Bonded Debt	Percentage of Debt Allocable to the District	Amount Applicable to the District
Board of Education of the City of Fargo	\$ 94,442,153	100.00%	\$ 94,442,153
Total Direct Debt			\$ 94,442,153
Cass County	\$ 125,000	43.73%	\$ 54,663
City of Fargo	\$ 513,155,000	67.16%	344,634,898
Fargo Park District	\$ 78,750,000	67.16%	52,888,500
Other Entities*			-
Total Overlapping Debt			\$ 397,578,061
Total Direct and Overlapping Bonded Debt			\$ 492,020,214

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

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

Source of Data: Cass County Property Tax Summary  
Electronic Municipal Market Access  
District Accounting Department

## BOARD OF EDUCATION OF THE CITY OF FARGO

### Legal Debt Margin Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Assessed Value of All Property	\$ 6,137,322,570	\$ 5,833,855,049	\$ 5,258,060,055	\$ 4,835,417,510	\$ 4,576,362,678	\$ 4,206,162,216	\$ 3,982,856,465	\$ 3,725,331,416	\$ 3,384,184,844	\$ 3,074,201,216
Debt Limit - 5% of Assessed Value	306,866,129	291,692,752	262,903,003	241,770,876	228,818,134	210,308,111	199,142,823	186,266,571	169,209,242	153,710,061
<u>Legal Debt Margin:</u>										
Debt Applicable to Limitation*	94,442,153	100,862,222	88,124,370	86,283,626	80,570,018	92,748,574	83,574,322	88,272,291	91,577,508	93,435,000
Legal Debt Margin	<u>\$ 212,423,976</u>	<u>\$ 190,830,530</u>	<u>\$ 174,778,633</u>	<u>\$ 155,487,250</u>	<u>\$ 148,248,116</u>	<u>\$ 117,559,537</u>	<u>\$ 115,568,501</u>	<u>\$ 97,994,280</u>	<u>\$ 77,631,734</u>	<u>\$ 60,275,061</u>
Total Debt Applicable to Limitation as a Percentage of Debt Limit	30.78%	34.58%	33.52%	35.69%	35.21%	44.10%	41.97%	47.39%	54.12%	60.79%

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

Source: District Accounting Department  
Cass County Auditor's Office

## BOARD OF EDUCATION OF THE CITY OF FARGO

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

Fiscal Year	Population*	Taxable Valuation	Assessed Valuation	Per Capita Personal Income	Total Personal Income	Outstanding Bonded Debt	Special Assessments	Bond Premium	Percent of Debt to Assessed Valuation	Percent of Debt to Total Personal Income	Bonded Debt Per Capita
2015	115,863	\$ 288,468,136	\$ 3,074,201,216	\$ 47,023	\$5,448,225,849	\$ 108,870,000	\$ 514,166	\$ 1,176,162	3.56%	2.01%	944
2016	118,523	317,913,169	3,384,184,844	48,914	5,797,434,022	103,612,508	447,412	3,904,938	3.07%	1.79%	878
2017	120,762	350,229,161	3,725,331,416	49,987	6,036,530,094	97,067,291	695,230	3,967,523	2.62%	1.62%	810
2018	122,359	373,326,181	3,982,856,465	50,364	6,162,488,676	90,124,322	683,292	3,450,823	2.28%	1.47%	742
2019	124,844	394,615,743	4,206,162,216	50,725	6,332,711,900	96,718,574	665,394	4,610,532	2.32%	1.54%	780
2020	124,662	430,628,601	4,576,362,678	52,712	6,571,183,344	81,685,018	646,719	4,761,548	1.80%	1.25%	660
2021	125,990	454,124,521	4,835,417,510	54,932	6,920,882,680	87,128,626	627,233	5,060,417	1.81%	1.27%	697
2022	126,748	494,385,417	5,258,060,055	58,158	7,371,410,184	88,694,370	607,068	4,478,338	1.70%	1.21%	705
2023	131,444	544,898,422	5,833,855,049	62,021	8,152,288,324	101,152,222	586,011	4,304,692	1.74%	1.25%	774
2024	133,188	569,612,177	6,137,322,570	64,468	8,586,363,984	94,442,153	564,023	3,625,246	1.55%	1.11%	713

\* Estimated Population: U.S. Census Bureau

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

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

Schedule of Bonds Payable

For the Year Ended June 30, 2024

<b>General Obligation Bonds</b>	<b>Issue Date*</b>	<b>Maturity Date*</b>	<b>Interest Rates</b>	<b>Amounts Issued</b>	<b>Amounts Retired</b>	<b>Balance Outstanding</b>
2015 Limited Tax Bond Series	2015	2027	2.00% - 2.50%	\$ 9,835,000	\$ 1,000,000	\$ 8,835,000
2015B Limited Tax Refunding Bond Series	2015	2026	2.00%	9,750,000	-	9,750,000
2015C State School Construction Bond Series	2016	2035	1.00%	6,000,000	2,552,847	3,447,153
2016A Limited Tax Refunding Bond Series	2016	2036	2.00% - 4.00%	9,160,000	2,635,000	6,525,000
2016B Limited Tax Bond Series	2016	2024	5.00%	14,310,000	11,475,000	2,835,000
2018 Limited Tax Refunding Bond Series	2018	2038	4.00% - 5.00%	14,000,000	2,365,000	11,635,000
2019 Limited Tax Bond Series	2019	2032	2.40% - 3.00%	18,475,000	670,000	17,805,000
2020 Limited Tax Refunding Bond Series	2020	2040	2.00% - 5.00%	11,205,000	1,240,000	9,965,000
2022A Limited Tax Bond Series	2022	2042	3.00% - 4.00%	7,920,000	265,000	7,655,000
2023 Limited Tax Bond Series	2023	2043	4.00% - 5.00%	17,155,000	1,165,000	15,990,000
Total General Obligation Bonds				<u>\$ 142,425,000</u>	<u>\$ 47,982,847</u>	<u>\$ 94,442,153</u>
<b><u>Building Authority Revenue Bonds</u></b>						
2017 Lease Revenue Refunding Bonds Series	2017	2024	3.00% - 5.00%	<u>\$ 8,795,000</u>	<u>\$ 8,795,000</u>	<u>\$ -</u>
Total Building Authority Revenue Bonds				<u>\$ 8,795,000</u>	<u>\$ 8,795,000</u>	<u>\$ -</u>
Total Bonds Payable				<u>\$ 151,220,000</u>	<u>\$ 56,777,847</u>	<u>\$ 94,442,153</u>

\*Denotes calendar (not fiscal) year 'Issue Date' and 'Maturity Date'

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

Schedule of Bond Maturities

For the Year Ended June 30, 2024

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,633,020	\$ 2,933,892	\$ 10,566,912
2026	8,241,001	2,676,236	10,917,237
2027	8,649,011	2,440,326	11,089,337
2028	7,717,051	2,194,649	9,911,700
2029	6,705,121	1,956,816	8,661,937
2030	6,933,223	1,722,789	8,656,012
2031	7,171,355	1,499,837	8,671,192
2032	7,384,518	1,273,129	8,657,647
2033	5,777,713	1,056,526	6,834,239
2034	3,590,940	903,491	4,494,431
2035	3,704,200	788,547	4,492,747
2036	3,490,000	669,224	4,159,224
2037	3,610,000	548,788	4,158,788
2038	3,115,000	433,081	3,548,081
2039	3,220,000	322,278	3,542,278
2040	2,265,000	228,560	2,493,560
2041	2,340,000	152,560	2,492,560
2042	1,705,000	80,720	1,785,720
2043	1,190,000	23,800	1,213,800
	<u>\$ 94,442,153</u>	<u>\$ 21,905,249</u>	<u>\$ 116,347,402</u>

Source of Data: District Accounting Department

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

Ratio of Annual Debt Service for General Bonded Debt to Noncapital Expenditures

Last Ten Fiscal Years

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Fiscal Year	Principal	Interest	Total Debt Service	Total Noncapital Expenditures	Percent of Annual Debt Service to Noncapital Expenditures
2015	\$ 6,775,000	\$ 3,591,491	\$ 10,366,491	\$ 162,021,799	6.40%
2016	7,362,492	3,447,800	10,810,292	170,608,522	6.34%
2017	5,990,217	3,262,455	9,252,672	171,352,825	5.40%
2018	6,942,969	3,139,442	10,082,411	177,911,961	5.67%
2019	7,405,749	3,127,129	10,532,878	182,976,523	5.76%
2020	8,038,556	3,016,899	11,055,455	188,365,208	5.87%
2021	5,761,392	2,623,595	8,384,987	198,357,142	4.23%
2022	6,354,256	2,649,516	9,003,772	209,101,040	4.31%
2023	4,697,148	2,623,472	7,320,620	216,783,728	3.38%
2024	6,710,070	2,930,653	9,640,723	234,171,860	4.12%

Source of Data: District Accounting Department

## DEMOGRAPHIC AND ECONOMIC INFORMATION



## BOARD OF EDUCATION OF THE CITY OF FARGO

Demographic Statistics

Last Ten Fiscal Years

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FISCAL YEAR	POPULATION*	UNEMPLOYMENT RATE
2015	115,863	2.6%
2016	118,523	2.5%
2017	120,762	2.2%
2018	122,359	2.6%
2019	124,844	2.4%
2020	124,662	6.4%
2021	125,990	5.2%
2022	126,748	2.1%
2023	131,444	2.2%
2024	133,188	2.5%

\*Estimated Population: U.S. Census Bureau

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

## BOARD OF EDUCATION OF THE CITY OF FARGO

Principal Employers in the Fargo-Metropolitan Area

Current Tax Year and Nine Tax Years Ago

Employer	2024			2015		
	FTE's	Rank	Percentage of Total Employment	FTE's	Rank	Percentage of Total Employment
Sanford Health	9,181	1	6.06%	6,020	1	4.81%
North Dakota State University	2,324	2	1.53%	4,464	2	3.57%
Fargo Public School District	2,273	3	1.50%	1,816	4	1.45%
Essentia Health	2,132	4	1.41%	3,381	3	2.70%
West Fargo Public Schools	2,094	5	1.38%	1,248	7	1.00%
Marvin Windows and Doors	2,034	6	1.34%			
Fargo VA Health Care System	1,307	7	0.86%			
City of Fargo	1,242	8	0.82%			
Coborn's, Inc.	1,153	9	0.76%			
Noridian Healthcare Solutions	679	10	0.45%	1,371	5	1.09%
Case New Holland				1,250	6	1.00%
Wanzek Construction, Inc.				1,100	8	0.88%
US Bank Service Center				1,059	9	0.85%
Eventide Senior Living Communities				1,006	10	0.80%
Employed Labor Force*	151,500			125,207		

\*Employed Labor Force is as of July 2024 and June 2015

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

## OPERATING INFORMATION



## BOARD OF EDUCATION OF THE CITY OF FARGO

Number of School District Employees by Function  
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i><u>Function:</u></i>										
Administrators/Board Members	72	71	78	80	62	54	66	65	66	69
Nutrition Services	129	113	118	126	129	129	119	129	121	121
Maintenance	159	131	134	136	126	125	146	128	124	128
Professional Support Staff	827	695	739	621	633	673	601	580	541	520
OT/PT/Social Workers	28	56	15	19	26	17	30	17	17	5
Teachers	<u>1,123</u>	<u>1,119</u>	<u>1,120</u>	<u>1,055</u>	<u>1,052</u>	<u>1,018</u>	<u>999</u>	<u>1,004</u>	<u>977</u>	<u>973</u>
 TOTAL	 <u>2,338</u>	 <u>2,185</u>	 <u>2,204</u>	 <u>2,037</u>	 <u>2,028</u>	 <u>2,016</u>	 <u>1,961</u>	 <u>1,923</u>	 <u>1,846</u>	 <u>1,816</u>

Source of Data: District Accounting Department

# BOARD OF EDUCATION OF THE CITY OF FARGO

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>FUNCTION</b>										
Instruction:										
Regular Education	\$ 107,134,539	\$ 114,474,847	\$ 97,795,797	\$ 93,274,286	\$ 86,265,919	\$ 88,343,000	\$ 89,352,501	\$ 91,094,657	\$ 87,625,219	\$ 78,564,165
Special Education	45,785,289	41,968,543	36,157,811	34,966,468	35,117,678	34,895,365	33,780,655	31,424,097	30,219,075	25,887,856
Vocational Education	8,507,572	8,707,959	7,648,665	7,049,617	6,872,233	6,905,402	7,032,323	7,436,335	6,715,287	5,945,522
Adult Education	1,417,939	1,405,513	1,123,155	1,105,718	1,130,614	1,053,883	1,062,816	1,059,177	1,097,134	862,608
Total Instruction	\$ 162,845,339	\$ 166,556,862	\$ 142,725,428	\$ 136,396,089	\$ 129,386,444	\$ 131,197,650	\$ 131,228,295	\$ 131,014,266	\$ 125,656,715	\$ 111,260,151
Support Services:										
Pupil Services	\$ 7,630,479	\$ 7,621,024	\$ 6,519,811	\$ 5,730,318	\$ 6,046,167	\$ 5,996,405	\$ 5,850,728	\$ 5,455,159	\$ 5,458,407	\$ 4,834,502
Instructional Staff Services	6,402,045	6,349,096	5,267,357	5,564,776	5,724,409	5,817,890	5,693,820	6,100,684	6,157,249	5,674,916
General Administration Services	4,278,400	3,799,035	3,282,887	3,142,333	3,125,974	3,543,938	3,887,099	3,472,510	3,240,188	2,804,671
School Administration Services	12,982,271	13,162,091	12,092,041	12,353,777	12,275,950	12,103,622	12,502,101	12,730,382	12,471,358	10,995,718
Business Services	2,757,396	6,049,452	5,343,018	5,197,862	5,105,452	5,393,853	6,027,518	6,139,854	6,060,133	3,610,939
Operations and Maintenance	22,466,776	19,877,946	19,898,009	19,515,510	19,002,296	19,116,137	23,445,428	19,453,645	20,307,390	18,024,076
Pupil Transportation Services	3,354,800	3,757,431	3,078,900	2,897,927	2,597,279	2,988,852	2,970,495	2,922,040	2,734,091	2,560,679
Co-Curricular Activities	8,527,907	8,210,241	7,679,876	7,360,623	7,675,162	7,985,782	6,843,055	5,296,333	5,305,491	4,571,471
Food Service Outlay	9,495,412	9,605,169	8,610,217	7,077,052	7,721,525	8,021,293	7,902,051	7,851,790	7,714,083	6,962,595
Community Services	341,625	1,152,379	-	-	-	-	-	-	-	-
Total Support Services	\$ 78,237,111	\$ 79,583,864	\$ 71,772,116	\$ 68,840,178	\$ 69,274,214	\$ 70,967,772	\$ 75,122,295	\$ 69,422,397	\$ 69,448,390	\$ 60,039,567
Total Function	\$ 241,082,450	\$ 246,140,726	\$ 214,497,544	\$ 205,236,267	\$ 198,660,658	\$ 202,165,422	\$ 206,350,590	\$ 200,436,663	\$ 195,105,105	\$ 171,299,718
<b>CLASSIFICATION</b>										
Land	\$ 35,758,164	\$ 35,758,164	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 15,268,098	\$ 13,418,098	\$ 13,418,098	\$ 11,395,198
Buildings and Improvements (Net)	199,356,262	205,477,263	194,769,367	185,816,628	179,125,088	182,987,183	187,055,760	183,094,388	178,251,151	156,734,379
Equipment and Vehicles (Net)	5,968,024	4,905,299	4,460,079	4,151,541	4,267,472	3,910,141	4,026,732	3,924,177	3,435,856	3,170,141
Total Capital Assets	\$ 241,082,450	\$ 246,140,726	\$ 214,497,544	\$ 205,236,267	\$ 198,660,658	\$ 202,165,422	\$ 206,350,590	\$ 200,436,663	\$ 195,105,105	\$ 171,299,718

Source of Data: District Accounting Department

## OTHER SUPPLEMENTAL DISTRICT DATA



## BOARD OF EDUCATION OF THE CITY OF FARGO

Summary of Enrollment  
Last Ten Fiscal Years

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<u>FISCAL YEAR</u>	<u>PRESCHOOL</u>	<u>ELEMENTARY GRADES K-5</u>	<u>MIDDLE SCHOOL GRADES 6-8</u>	<u>HIGH SCHOOL GRADES 9-12</u>	<u>GRAND TOTAL</u>
2015	136	5,168	2,440	3,392	11,136
2016	138	5,216	2,462	3,412	11,228
2017	143	5,278	2,515	3,311	11,247
2018	154	5,299	2,577	3,356	11,386
2019	169	5,217	2,644	3,390	11,420
2020	170	5,227	2,748	3,326	11,471
2021	189	5,185	2,668	3,215	11,257
2022	151	5,283	2,599	3,501	11,534
2023	158	5,286	2,512	3,591	11,547
2024	238	5,188	2,564	3,556	11,546

Source of Data: District Accounting Department 2023-24 Operating Budget  
District Enrollment Summary as of November

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

Schedule of Cost Per Average Daily Membership (ADM)

For the Year Ended June 30, 2024

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AVERAGE DAILY MEMBERSHIP (ADM)	11,387.40
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**GENERAL FUND***Instruction:*

Regular Education	\$ 8,745
Special Education	3,737
Vocational Education	694
Adult Education	116

*Support Services:*

Pupil Services	623
Instructional Staff Services	523
General Administrative	349
School Administrative	1,060
Business Services	225
Operations and Maintenance	1,831
Pupil Transportation	274
Co-Curricular	26
Community Services	28

GENERAL FUND	\$ 18,231
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CAPITAL PROJECTS	194
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FOOD SERVICES	775
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STUDENT ACTIVITIES	670
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DEBT SERVICE	847
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TOTAL	<u>\$ 20,717</u>
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Source of Data: District Accounting Department  
DPI - Stars District Pupil Membership Summary

**SECTION IV**

**COMPLIANCE SECTION**



# BOARD OF EDUCATION OF THE CITY OF FARGO

## Schedule of Expenditures of Federal Awards (SEFA)

For the Year Ended June 30, 2024

Federal Financial Assistance Listing	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Grantor's Identifying Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through North Dakota Department of Public Instruction:</i>			
10.553	Child Nutrition Cluster: School Breakfast Program	F10553	\$ 930,802
10.555	National School Lunch Program - Cash	F10555 & F10555C	2,870,082
10.555	National School Lunch Program - Commodities**	F10555	448,575
	Total 10.555 Expenditures		<u>3,318,657</u>
10.559	Summer Food Service Program for Children - Cash	F10559	56,350
10.582	Fresh Fruit and Vegetable Program	F10582	377,386
	Total Child Nutrition Cluster		<u>4,683,195</u>
10.558	Child and Adult Care Food Program	F10558 & F10558A	11,168
10.560	State Administrative Expenses for Child Nutrition	F10560	13,390
10.574	Team Nutrition Grants	F10574	9,879
<i>Passed through North Dakota State University:</i>			
10.527	New Beginning for Tribal Students Programs	F10527	4,987
<b>Total U.S Department of Agriculture</b>			<u><b>\$ 4,722,619</b></u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed through North Dakota Department of Corrections and Rehabilitation - Division of Juvenile Services</i>			
16.540	Office of Juvenile Justice and Delinquency Prevention Formula Grants Program	Unknown	\$ 61,594
<b>Total U.S Department of Justice</b>			<u><b>\$ 61,594</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Assistance:</i>			
84.060	Indian Education Grants to Local Education Agencies	Unknown	\$ 120,591
<i>Passed through North Dakota Department of Public Instruction:</i>			
84.002	Adult Education - Basic Grants for States	F84002A	283,264
84.010	Title I - Grants to LEA's	F84010	5,047,004
84.027	Special Education Cluster: Special Education - Grants to States	F84027A	3,597,821
84.173	Special Education - Preschool Grants	F84173	69,257
	Total Special Education Cluster		<u>3,667,078</u>
84.196	Education for Homeless Children and Youth	F84196A	62,000
84.365A	English Language Acquisition Grants	F84365A	87,154
84.367A	Supporting Effective Instruction State Grants	F84367	1,021,114
84.371	Striving Readers/Comprehensive Literacy State Development (CLSD)	F84371C2	991,444
84.424A	Student Support and Academic Enrichment Program	F84424A	671,955
84.425D	COVID-19 - ARP - Elementary and Secondary School Emergency Relief (ESSER II) Fund	F84425D	15,984
84.425U	COVID-19 - ARP - Elementary and Secondary School Emergency Relief (ESSER III) Fund	F84425U	14,019,988
84.425V	COVID-19 - ARP - Emergency Assistance to Non-Public Schools (ARP EANS)	F84425V	49,200
84.425W	COVID-19 - ARP - Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	F84425W	45,554
<i>Passed through North Dakota Department of Human Services:</i>			
84.425	COVID-19 - ARP - Best in Class Grant	Unknown	60,000
<i>Passed through North Dakota Teacher Support System:</i>			
84.425C	COVID-19 - ARP - Governor's Emergency Education Relief (GEER) Fund	Unknown	3,956
	Total 84.425 COVID-19 - ARP Expenditures		<u>14,194,682</u>
<i>Passed through North Dakota Department of Career and Technical Education:</i>			
84.048A	Career and Technical Education - Basic Grants to States	Unknown	277,642
<b>Total U.S Department of Education</b>			<u><b>\$ 26,423,928</b></u>
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>			
<i>Passed through North Dakota Department of Human Services:</i>			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Unknown	\$ 105,689
93.576	Refugee and Entrant Assistance Discretionary Grants	Unknown	88,185
<b>Total U.S Department of Human Services</b>			<u><b>\$ 193,874</b></u>
<b>Total Federal Financial Assistance</b>			<u><b>\$ 31,402,015</b></u>

\*\*Noncash Assistance

See Notes to the Schedule of Expenditures of Federal Awards

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

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

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

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the Board of Education of the City of Fargo under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Board of Education of the City of Fargo, it is not intended to and does not present the financial position, changes in fund balance or net position, or cash flows of the Board of Education of the City of Fargo.

### **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 not allowable or are limited as to reimbursement. No amounts were passed through to subrecipients.

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

The commodities reported on the schedule are the value of the supplemental food program distributed by the District during the year as priced by the North Dakota Department of Public Instruction (ND DPI). As of June 30, 2024, the District had food commodities totaling \$50,583 in inventory.

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

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

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

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



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

The School Board of  
Fargo Public Schools  
Fargo, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fargo Public Schools (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 18, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a significant deficiency.

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

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

## **District's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
November 18, 2024



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

The School Board of  
Fargo Public Schools  
Fargo, North Dakota

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

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

We have audited Fargo Public Schools' (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## Report on Internal Control over Compliance

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

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

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

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



Fargo, North Dakota  
November 18, 2024

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

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

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

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
COVID-19 Education Stabilization Fund	84.425
Child Nutrition Cluster	10.553, 10.555, 10.559, 10.582
Striving Readers	84.371
Dollar threshold used to distinguish between type A and type B programs:	\$ 942,060
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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**2024-001      Lack of Timely Review of Payroll/Personnel Data  
Significant Deficiency**

*Criteria* – A good system of internal control timely reviews all payroll and personnel related information.

*Condition* – During the course of our engagement, we identified one instance where employee salary did not align with their correct rate per the step/lane schedule as well as one instance where employee status change information was not adequately reviewed in a timely manner.

*Cause* – The District does not have an internal control system designed to timely review employee information.

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

*Recommendation* – A thorough review and reconciliation of supporting documentation for all payroll transactions and personnel status change information, should be performed on a timely basis.

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

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

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None reported.