

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
BISMARCK, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
ROSTER OF SCHOOL OFFICIALS (UNAUDITED)
JUNE 30, 2024

Dan Eastgate	President
Josh Hager	Vice President
Jon Lee	Board Member
Amanda Peterson	Board Member
Donnell Preskey	Board Member
Dr. Jeff Fastnacht	Superintendent
Brad Barnhardt	Elementary Assistant Superintendent
Dr. Ben Johnson	Secondary Assistant Superintendent
Darin Scherr	Business and Operations Manager

INDEPENDENT AUDITOR'S REPORT

To the School Board
Bismarck Public School District No. 1
Bismarck, North Dakota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bismarck Public School District No. 1 (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 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 Bismarck Public School District No. 1, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Bismarck Public School District No. 1 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Bismarck Public School District No. 1'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Bismarck Public School District No. 1'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 Bismarck Public School District No. 1'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 information, schedules of employer's proportionate share of net pension liability, schedules of employer's share of net OPEB liability, schedules of employer contributions - pension, schedules of employer contributions - OPEB, and notes to required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bismarck Public School District No. 1's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, and notes to the 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 roster of school officials 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 basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024 on our consideration of Bismarck Public School District No. 1'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 Bismarck Public School District No. 1'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 Bismarck Public School District No. 1's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

December 4, 2024

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024

This Management's Discussion and Analysis (MD&A) of Bismarck Public District No. 1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024, with comparative data for the fiscal year ended June 30, 2023.

The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes to the financial statements.

Financial Highlights

Key financial highlights for fiscal year 2023-24 are as follows:

- Net position of the District increased \$7,309,006 as a result of the current year's operations. Governmental net position totaled \$21,041,535 as of June 30, 2024.
- Total revenues from all sources were \$246,889,076 and total expenditures were \$239,580,070.
- The District's general fund had \$207,780,743 in total revenues and other financing sources and \$206,806,545 in expenditures and other financing uses, resulting in a net change in fund balance of \$974,198 for the year ended June 30, 2024.
- The unassigned general fund balance was \$16,009,364 as of June 30, 2024. This balance represents 7.74% of total general fund expenditures for the year.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Bismarck Public District No. 1 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2024?". The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two 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 District is improving or deteriorating.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2024

The Statement of Net Position presents information on how the District's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and vacation leave).

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Balance Sheet - Governmental Funds

The District uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the District's major funds. Using the criteria established by GASB Statement No. 34, the District's general fund and building fund are considered to be "major funds." The District's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Non-Major Governmental Funds."

Financial Analysis of the District as a Whole

Table I provides a summary of the District's net position as of June 30, 2024, with comparative data for the fiscal year ended June 30, 2023.

As indicated in the financial highlights, the District's net position increased by \$7,309,006 as a result of current year operations for the year ended June 30, 2024. The District's net position is segregated into three separate categories. Net investment in capital assets totals \$195,604,709 at year-end, an increase from the prior year audited total of \$181,287,603. It should be noted that this net position amount is not available for future spending. It is the remaining undepreciated or unamortized value of the District's capital, lease, and SBITA assets, less any related debt that remains outstanding that was used to construct or acquire the assets. Restricted net position totals \$5,829,343, an increase from the prior year audited total of \$5,105,211. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position is \$(180,392,517), a decrease from the prior year audited total of \$(172,660,285). The unrestricted net position is available to meet the District's ongoing obligations.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2024

Table I
Net Position

	<u>6/30/24</u>	<u>6/30/23</u>
ASSETS		
Current assets	\$ 61,681,689	\$ 67,549,470
Capital assets (net of accumulated depreciation)	<u>316,361,895</u>	<u>310,580,172</u>
Total assets	<u>378,043,584</u>	<u>378,129,642</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>66,235,557</u>	<u>86,350,515</u>
LIABILITIES		
Current liabilities (exc. bonds payable, note payable, special assessments payable and compensated absences)	34,563,792	37,349,165
Bonds payable	97,884,475	105,346,234
Note payable	26,919,607	29,217,641
Special assessments payable	1,902,844	1,036,815
Net pension liability	204,977,889	234,140,889
Net OPEB liability	2,240,132	2,836,222
Long-term liabilities (exc. bonds and note payable and net pension liability)	<u>4,664,019</u>	<u>4,025,228</u>
Total liabilities	<u>373,152,758</u>	<u>413,952,194</u>
DEFERRED INFLOWS OF RESOURCES	<u>50,084,847</u>	<u>36,795,434</u>
NET POSITION		
Net investment in capital assets	195,604,709	181,287,603
Restricted for debt service, capital project, career and technical education and teacher learning center	5,829,343	5,105,211
Unrestricted	<u>(180,392,516)</u>	<u>(172,660,285)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ 21,041,536</u></u>	<u><u>\$ 13,732,529</u></u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2024

Table II shows the changes in net position for the fiscal year ended June 30, 2024.

Table II
Changes in Net Position

	<u>2023-2024</u>	<u>2022-2023</u>
REVENUES		
Program revenues		
Charges for services	\$ 11,132,347	\$ 10,295,175
Operating grants and contributions	33,759,085	39,092,246
General revenues		
Property taxes	65,100,294	60,770,970
State aid - unrestricted	132,015,087	127,387,564
Interest earnings and miscellaneous revenue	<u>4,882,264</u>	<u>1,488,896</u>
Total revenues	<u>246,889,077</u>	<u>239,034,851</u>
EXPENSES		
Regular instruction	116,086,412	109,936,493
Special education	40,882,435	40,547,912
Career and technical education	8,625,330	8,033,730
District wide services	15,466,751	15,013,896
School food services	10,829,681	10,518,648
Operations and maintenance	20,404,282	23,481,008
Student transportation	6,776,982	6,767,227
Co-curricular activities	13,874,989	12,524,236
Other	3,771,683	3,954,322
Debt service	<u>2,861,525</u>	<u>3,089,281</u>
Total expenses	<u>239,580,070</u>	<u>233,866,753</u>
Change in net position	7,309,007	5,168,098
Total net position - beginning	13,732,529	7,902,372
GASB 96 implementation	-	662,059
Total net position, beginning of year, restated	<u>13,732,529</u>	<u>8,564,431</u>
Net position (deficit) - ending	<u>\$ 21,041,536</u>	<u>\$ 13,732,529</u>

Unrestricted state aid constituted 53%, property taxes 26%, and operating grants and contributions 14% of the total revenues of governmental activities of the District for fiscal year 2024.

Regular instruction comprised 48%, special education 17%, and operations and maintenance 9% of total expenditures for governmental activities for fiscal year 2024.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2024

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III
Total and Net Cost of Services

	Year Ended 6/30/24		Year Ended 6/30/23	
	Total Cost	Net Cost	Total Cost	Net Cost
Regular instruction	\$ 116,086,412	\$ 108,018,284	\$ 109,936,493	\$ 92,353,938
Special education	40,882,435	32,857,346	40,547,912	33,017,464
Career and technical education	8,625,330	5,888,227	8,033,730	5,695,909
District wide services	15,466,751	12,599,571	15,013,896	13,597,856
School food services	10,829,681	986,659	10,518,648	505,506
Operations and maintenance	20,404,282	19,984,859	23,481,008	22,508,213
Student transportation	6,776,982	6,776,982	6,767,227	6,767,227
Co-curricular activities	13,874,989	6,583,476	12,524,236	5,781,658
Other	3,771,683	(1,868,291)	3,954,322	1,162,280
Debt service	2,861,525	2,861,525	3,089,281	3,089,281
Total expenses	<u>\$ 239,580,070</u>	<u>\$ 194,688,638</u>	<u>\$ 233,866,753</u>	<u>\$ 184,479,332</u>

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. As noted in the financial highlights, the District's general fund had \$207,780,743 in total revenues and other financing sources and \$206,806,545 in expenditures and other financing uses, resulting in a net increase in fund balance of \$974,198 for the year ended June 30, 2024. Total governmental funds had revenues and other financing sources in deficiency of expenditures and other financing uses in the amount of \$9,028,986 for the year ended June 30, 2024. This was primarily due to spending in the building fund for on-going construction projects.

General Fund Budgeting Highlights

The District had budgeted for a \$3,001,254 net decrease to the general fund's fund balance for the year ended June 30, 2024, and actual amounts resulted in a net increase to general fund's fund balance of \$974,198. Actual revenues for year ended June 30, 2024 were \$5,191,982 less than the final budget. However, actual expenditures for the year ended June 30, 2024 were under budget by \$7,030,750 and other financing sources (uses) which were under budget by \$2,126,284.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2024

Capital Assets

As of June 30, 2024, the District had \$315,317,687 invested in capital assets, net of accumulated depreciation. Table IV shows balances as of June 30, 2024 and 2023:

Table IV
CAPITAL ASSETS
(Net of Accumulated Depreciation)

	<u>6/30/24</u>	<u>6/30/23</u>
CAPITAL ASSETS		
Land	\$ 18,591,798	\$ 15,812,798
Buildings	271,126,715	260,096,659
Furniture and equipment	1,268,606	1,392,971
Vehicles and equipment	3,211,570	2,869,042
Improvements other than buildings	13,055,124	12,649,028
Construction in progress	8,063,874	17,077,231
Lease assets	377,321	-
SBITA assets	666,887	-
	<u>\$ 316,361,895</u>	<u>\$ 309,897,729</u>
Total capital assets (net of depreciation)		

For a detailed breakdown of the additions and deletions to each class of capital assets, readers are referred to Note 4 of the financial statements. The overall net increase in capital assets year over year was primarily a result of the additions to Legacy High School and Lincoln Elementary.

Debt Administration

As of June 30, 2024, the District had \$127,150,503 in long-term debt. This is a decrease of \$8,616,540 compared to the prior year total of \$135,767,043. The decrease is attributable to no new bond issues during the current fiscal year and payments being made on existing long-term debt. Principal payments of \$10,525,186 are due during the 2024-2025 fiscal year on long-term debt. See note 6 for additional information on debt.

For the Future

The Bismarck Public School District has continued realizing a stable economic growth. For fiscal year 2024, the District's taxable valuation was \$629,690,210, an increase of 9.5% from 2023. The District's taxable valuation is expected to increase by 5.3% for fiscal year 2025.

District growth is projected at about 75 new students. The addition at Lincoln Elementary School is operational for fiscal year 2025 and ground was broke on a new CTE center in northeast Bismarck this fall.

The District has eighteen elementary schools for the 6,273 students who were enrolled in grades kindergarten through fifth on the first day of the 2023-24 school year. The District's secondary students are enrolled in three middle schools covering grades 6-8, three high schools for freshmen through seniors and one alternative high school for students over the age of 16. Secondary enrollment is at 7,519 students.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2024

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Bismarck Public District No. 1's finances and to show the District's accountability for the money it receives to provide the best possible education to all students enrolled in the Bismarck District. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Darin M. Scherr, Business and Operations Manager, Bismarck Public Schools, 128 Soo Line Dr, Bismarck, ND 58501; phone 701-323-4057, fax 701-323-4001, or email darin_scherr@bismarckschools.org.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current assets	
Cash and cash equivalents	\$ 31,073,419
Investments	18,039,531
Accounts receivable	1,161,274
Taxes receivable	2,504,257
Intergovernmental receivable	8,508,449
Due from county treasurer	228,694
Prepays	57,554
Inventory	108,511
Total current assets	<u>61,681,689</u>
Capital assets	
Non-depreciable	
Land	18,591,798
Construction in process	8,063,874
Depreciable, net of accumulated depreciation and amortization	
Buildings	271,126,715
Improvements other than buildings	13,055,124
Furniture and equipment	1,268,606
Vehicles and equipment	3,211,570
Lease assets	377,321
SBITA assets	666,887
Total capital assets, net of depreciation and amortization	<u>316,361,895</u>
TOTAL ASSETS	<u>378,043,584</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - OPEB	1,011,024
Deferred outflow - pension	65,224,533
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>66,235,557</u>
LIABILITIES	
Current liabilities	
Accounts, salaries and benefits payable	24,535,745
Incurred but not reported claims	2,203,000
Interest payable	790,813
Unearned revenue	332,922
Unearned health insurance premiums	6,701,312
Long-term liabilities due within one year	
Bonds payable	7,546,759
Notes payable	2,371,860
Special assessments payable	283,666
Leases payable	211,660
SBITA payable	111,241
Compensated absences payable	420,000
Total current liabilities	<u>45,508,978</u>
Long-term liabilities	
Long-term liabilities due after one year	
Net pension liability	204,977,889
Net OPEB liability	2,240,132
Bonds payable	90,337,716
Notes payable	24,547,747
Special assessments payable	1,619,178
SBITA payable	120,676
Compensated absences payable	3,800,442
Total long-term liabilities	<u>327,643,780</u>
TOTAL LIABILITIES	<u>373,152,758</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - OPEB	331,816
Deferred inflow - pension	49,753,031
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>50,084,847</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	195,604,709
Restricted:	
Career and technical education	256,761
Teacher learning center	32,600
Capital projects	116,969
Debt service	5,423,013
Unrestricted	<u>(180,392,516)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 21,041,536</u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues		Net
		Charges for Services	Operating Grants and Contributions	(Expense) Revenue and Changes in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES				
Regular instruction	\$ 116,086,412	\$ 341,320	\$ 7,726,808	\$ (108,018,284)
Special education	40,882,435	461,825	7,563,264	(32,857,346)
Career and technical education	8,625,330	637,151	2,099,952	(5,888,227)
District wide services	15,466,751	180,031	2,687,149	(12,599,571)
School food services	10,829,681	4,952,970	4,890,052	(986,659)
Operations and maintenance	20,404,282	-	419,423	(19,984,859)
Transportation	6,776,982	-	-	(6,776,982)
Co-curricular activities	13,874,989	4,559,050	2,732,463	(6,583,476)
Other	3,771,683	-	5,639,974	1,868,291
Interest - unallocated	2,853,855	-	-	(2,853,855)
Bond service charges and costs	7,670	-	-	(7,670)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 239,580,070	\$ 11,132,347	\$ 33,759,085	(194,688,638)
GENERAL REVENUES				
Taxes				
Property taxes, levied for general purposes				48,267,027
Property taxes, levied for building purposes				6,681,715
Property taxes, levied for debt services				10,151,552
Unrestricted state aid				132,015,087
Unrestricted investment earnings				2,941,197
Miscellaneous revenue				1,941,067
TOTAL GENERAL REVENUES				201,997,645
Change in net position				7,309,007
Net position (deficit) - beginning of year				13,732,529
Net position (deficit) - end of year				\$ 21,041,536

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 482,473	\$ -	\$ 13,346,538	\$ 13,829,011
Investments	18,039,531	-	-	18,039,531
Accounts receivable	287,643	439,966	14	727,623
Taxes receivable	1,670,346	233,249	600,662	2,504,257
Intergovernmental receivable	8,185,678	175,065	147,706	8,508,449
Due from county treasurer	168,506	23,565	36,623	228,694
Due from other funds	10,785,652	-	-	10,785,652
Prepays	57,554	-	-	57,554
Inventory	-	-	108,511	108,511
TOTAL ASSETS	<u>\$ 39,677,383</u>	<u>\$ 871,845</u>	<u>\$ 14,240,054</u>	<u>\$ 54,789,282</u>
LIABILITIES				
Accounts, salaries and benefits payable	\$ 21,919,293	\$ 696,392	\$ 1,069,127	\$ 23,684,812
Unearned revenue	20,826	6,310	305,786	332,922
Due to other funds	-	10,785,652	-	10,785,652
TOTAL LIABILITIES	<u>21,940,119</u>	<u>11,488,354</u>	<u>1,374,913</u>	<u>34,803,386</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent taxes	<u>1,670,346</u>	<u>233,249</u>	<u>358,460</u>	<u>2,262,055</u>
FUND BALANCES				
Nonspendable	57,554	-	108,511	166,065
Restricted	-	-	5,884,948	5,884,948
Assigned	-	-	6,513,222	6,513,222
Unassigned	<u>16,009,364</u>	<u>(10,849,758)</u>	<u>-</u>	<u>5,159,606</u>
TOTAL FUND BALANCES	<u>16,066,918</u>	<u>(10,849,758)</u>	<u>12,506,681</u>	<u>17,723,841</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 39,677,383</u>	<u>\$ 871,845</u>	<u>\$ 14,240,054</u>	<u>\$ 54,789,282</u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds		\$ 17,723,841
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital, lease and SBITA assets	431,864,702	
Less accumulated depreciation and amortization	<u>(115,502,807)</u>	
Net capital assets		316,361,895
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		2,262,055
Deferred outflows relating to the cost sharing defined benefit pension plans in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		65,224,533
Deferred outflows relating to the OPEB liability in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		1,011,024
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 June 30, 2024 are:		
Net pension liability	(204,977,889)	
Net OPEB liability	(2,240,132)	
Bonds payable	(97,884,475)	
Notes payable	(26,919,607)	
Special assessments payable	(1,902,844)	
Lease payable	(211,660)	
SBITA payable	(231,917)	
Interest payable	(790,813)	
Compensated absences	<u>(4,220,442)</u>	
Total long-term liabilities		(339,379,779)
Deferred inflows relating to the cost sharing defined benefit pension plans in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		(49,753,031)
Deferred inflows relating to the OPEB liability in the government activities are not financial resources and, therefore not reported in the governmental funds.		(331,816)
Internal service funds are used by the school to charge the costs of health insurance to departments. The assets and liabilities of internal service fund are included in the governmental activities in the statement of net position.		<u>7,922,814</u>
Total net position of governmental activities		<u><u>\$ 21,041,536</u></u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 54,378,781	\$ 7,083,381	\$ 19,518,286	\$ 80,980,448
State sources	135,011,527	-	3,767,296	138,778,823
Federal sources	17,842,578	419,423	4,508,847	22,770,848
TOTAL REVENUES	207,232,886	7,502,804	27,794,429	242,530,119
EXPENDITURES				
Current				
Regular instruction	109,427,206	-	35,863	109,463,069
Special education	40,455,686	-	-	40,455,686
Career and technical education	6,816,075	-	1,406,296	8,222,371
District wide services	14,459,978	-	-	14,459,978
School food services	-	-	10,621,350	10,621,350
Operations and maintenance	16,358,918	2,683,157	-	19,042,075
Transportation	6,552,102	-	-	6,552,102
Co-curricular activities	6,233,477	-	7,005,218	13,238,695
Other	3,535,812	-	-	3,535,812
Debt Service				
Principal	1,208,579	2,004,319	7,232,156	10,445,054
Interest	185,456	539,494	2,370,759	3,095,709
Service charges	-	1,195	6,475	7,670
Capital outlay	1,573,256	10,478,863	367,414	12,419,533
TOTAL EXPENDITURES	206,806,545	15,707,028	29,045,531	251,559,104
Excess of revenues over (under) expenditures	426,341	(8,204,224)	(1,251,102)	(9,028,985)
OTHER FINANCING SOURCES (USES)				
Issuance of SBITA	132,309	-	107,269	239,578
Issuance of lease	410,348	-	-	410,348
Proceeds from issuance of special assessments	-	1,375,348	-	1,375,348
Proceeds from insurance	-	1,444,603	-	1,444,603
Proceeds from sale of capital asset	5,200	-	2,040	7,240
TOTAL OTHER FINANCING SOURCES (USES)	547,857	2,819,951	109,309	3,477,117
Net change in fund balances	974,198	(5,384,273)	(1,141,793)	(5,551,868)
Fund balances - beginning	15,092,720	(5,465,485)	13,648,474	23,275,709
Fund balances - ending	\$ 16,066,918	\$ (10,849,758)	\$ 12,506,681	\$ 17,723,841

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
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		\$ (5,551,868)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Current year capital outlay (over \$5,000)	12,419,533	
Current year depreciation and amortization expense	<u>(9,400,398)</u>	3,019,135
Governmental funds do not report donated capital assets as expenditures or revenue. However, in the statement of activities, donations of capital assets are recorded as donation revenue.		
		2,779,000
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the net book value of the asset sold.		
		(16,412)
Repayment of debt principal and lease payable is an expenditure in the governmental fund, but repayment reduces long-term liabilities in the Statement of Net Position.		
		10,445,054
Government funds report debt issuances as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability.		
		(649,926)
Assets acquired through special assessments financing are reported in the governmental funds as a source of financing. However, special assessments are reported as long-term liabilities in the Statement of Net Position.		
		(1,375,348)
Repayment of bond premium payable is not recognized in the governmental funds, but reduces interest expense in the Statement of Activities.		
		196,760
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 increase in compensated absences	(361,567)	
Net decrease in interest payable	45,094	
Net decrease in net pension liability	29,163,000	
Net decrease in net OPEB liability	<u>596,090</u>	29,442,617
Changes in deferred inflows and outflows relating to net pension liability		(32,632,890)
Changes in deferred inflows and outflows relating to net OPEB liability		(771,481)
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 net increase in taxes receivable.		
		204,604
Internal service funds are used by the school to charge the costs of health insurance to departments. The net revenue of activities of the internal service fund is reported with governmental activities.		
		<u>2,219,762</u>
Change in net position of governmental activities		<u><u>\$ 7,309,007</u></u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2024

	<u>Internal Service Fund Self-Funded Health Insurance</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 17,244,408
Accounts receivable	433,651
Total current assets	<u>17,678,059</u>
LIABILITIES	
Current liabilities	
Accounts payable	850,933
Incurred but not reported claims	2,203,000
Unearned health insurance premiums	<u>6,701,312</u>
Total current liabilities	<u>9,755,245</u>
NET POSITION	
Unrestricted	<u><u>\$ 7,922,814</u></u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Internal Service Fund Self-Funded Health Insurance</u>
Operating revenues	
Contributions to self-insurance district	\$ 29,705,095
Contributions to self-insurance cobra	202,318
Rebates	1,614,704
Total operating revenues	<u>31,522,117</u>
Operating expenses	
Health insurance claims	<u>29,302,355</u>
Change in net position	<u>2,219,762</u>
Total net position - beginning of year	<u>5,703,052</u>
Total net position - end of year	<u><u>\$ 7,922,814</u></u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Internal Service Fund Self-Funded Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from district - current premiums	\$ 29,705,095
Received from COBRA premiums	202,318
Rebates received	1,614,704
Payments for health insurance claims	(29,295,221)
Net cash provided (used) by operating activities	<u>2,226,896</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,226,896
CASH AND CASH EQUIVALENTS - BEGINNING	<u>15,017,512</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 17,244,408</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 2,219,762
Effect on cash flows due to changes in assets and liabilities:	
Accounts receivable	(11,237)
Accounts payable	62,468
Incurred but not reported claims	(126,000)
Unearned health insurance premiums	<u>81,903</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 2,226,896</u></u>

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

The Bismarck Public School District No. 1 (District) operates the public schools in the city of Bismarck, North Dakota. There are eighteen elementary schools, three middle schools, three senior high schools, an alternative high school, a career academy, technical center, and an early childhood center.

Reporting Entity – The accompanying financial statements present the activities of the Bismarck Public School District No. 1. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Bismarck Public School District No. 1 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 Bismarck Public School District No. 1.

Based on these criteria, there are no component units to be included within the Bismarck Public School District No. 1 as a reporting entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

The District's basic financial statements consist of government-wide statements and fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Taxes and other items properly not included among program revenues are reported instead as general revenues.

The government-wide financial statements do not include fiduciary funds.

Fund Financial Statements:

In order to aid financial management and to demonstrate legal compliance, the District segregates transactions related to certain functions or activities in separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the fund financial statements. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Fund accounting – The District’s funds consist of the following:

Governmental Funds – Governmental funds are utilized to account for most of the District’s governmental functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which the obligation will be paid. Fund balance represents the difference between the governmental fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The District’s major governmental funds are as follows:

General fund – This fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund.

Building fund – This fund is used to account for the financial resources related to the capital outlays made by the District.

Additionally, the District reports the following governmental fund types that are included in non-major funds:

Special Revenue funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds – The reporting focus of proprietary funds is on the determination of net income, financial position and changes in financial position (economic resources). These funds are used to account for activities which are similar to those found in the private sector. The funds are maintained on the accrual basis of accounting.

Internal Service – The reporting focus of internal service funds is on services provided by one fund of the District to another fund on a cost reimbursement basis. The District’s only internal service fund consists of the following:

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Self-funded Health Insurance Fund – The fund accounts for the financial transactions related to the District's self-funded health insurance plan.

Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included in the Statement of Net Position.

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets, current liabilities, and current deferred inflows/outflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources.

The current financial resources measurement focus differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the District's financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. Fiduciary funds also use the economic resources measurement focus.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District's internal service fund also uses the accrual basis of accounting.

The District's governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are generally recorded as the related fund liability is incurred.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Revenues-Exchange and Non-Exchange Transactions

Exchange transactions are transactions in which each party gives and receives essentially equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

Non-exchange transactions include transactions in which the District receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the District.

Major revenue sources susceptible to accrual include property taxes, intergovernmental revenues and investment income.

Cash and Cash Equivalents

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments consist of CD's and are reported at fair value.

Accounts Receivable

Accounts receivable consists mainly of amounts on open account from other school districts and organizations for goods and services furnished by the District. Management has deemed all receivables to be collectible; therefore, no allowance for doubtful accounts has been set up.

Intergovernmental Receivable

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various school programs and other credits from the State. These amounts consist of a mix of State and Federal dollars.

Due from County Treasurer

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the District at June 30.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Inventories

Inventories are valued using the weighted-average method and consist of supplies for the food service fund. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories are equally offset by a nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets include property and equipment. Assets 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 historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized when the construction projects begin and depreciation starts when a particular project is completed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Buildings	2-50 Years
Furniture and equipment	5-20 Years
Vehicles and equipment	10-15 Years
Improvements other than buildings	10-30 Years

Compensated Absences

Vested or accumulated vacation leave is reported in government-wide statement of net position. Compensation for unused vacation or personal leave will be granted to all employees who have met the necessary probation period. Administrators who work twelve or eleven months may carry forward unused vacation not to exceed 30 days. Other administrators may carry forward unused personal leave not to exceed 15 days. Twelve-month full-time employees who are not administrators may carry forward unused vacation not to exceed 20 days. Teachers and non-certified staff working less than 12 months will be able to carry forward 5 personal days. The carryover amounts for Twelve-month staff are measured at July 31st, with any leave being accrued in July not factored into the calculation. The carryover amounts for less than Twelve-month staff are measured as of year-end at June 30th.

Compensation for unused sick leave will be granted to all administrators, teachers, professional support staff, and hourly support staff if they have 10 or more years of service upon termination from the District. The severance payment is based on \$30 per day for administrators, \$25 per day for teachers and professional support staff, and \$20 per day for hourly support staff for each day of unused sick leave. The compensation is not to exceed \$4,000 for administrators, teachers, and professional support staff and \$3,000 for hourly support staff.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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 amortized over the life of the bond. Issuance costs are reported as expenditures in the year the bond is issued.

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of the remaining un-depreciated cost of the asset less the outstanding debt and payables related to construction of capital assets associated with the purchase or construction of the related asset.

Net position is reported as restricted when external creditors, grantors, or other governmental organizations imposed specific restrictions on the District. External restrictions may be imposed through state or local laws, and grant or contract provisions. Restricted net position includes: amounts restricted for debt service, and career and technical education.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items reported on the statement of net position as deferred outflows, one which represents the actuarial differences within the NDPERS and TFFR pension plans, and another that represents the actuarial differences within the NDPERS OPEB liability. See notes 9, 10, and 11 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in this category. One of the items, unavailable revenue – delinquent taxes, is reported only in the governmental funds balance sheet. This amount, which is from delinquent property taxes, is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item is reported on the statement of net position as deferred pension inflows, which represents the actuarial differences within the NDPERS and TFFR pension plans as well as amounts paid to the plan after the measurement date. The last item is reported on the statement of net position as deferred OPEB inflows, which represents the actuarial differences within the NDPERS OPEB liability. See notes 9, 10, and 11 for further details.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes.

Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources - committed, assigned, and unassigned - in order as needed. The school board has set a General Fund minimum fund balance target at 10% of expenditures and recurring transfers.

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursement 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 transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Pensions

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

Other Post Employment Benefits (OPEB)

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

Delinquent Taxes

Receivables, such as taxes receivable, may be measurable but not available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported delinquent taxes are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

As discussed in note 8, the District has established a self-funded health insurance plan. Because of the inherent uncertainties associated with estimating the accrued liability for claims, it is at least reasonably possible that the estimate used will change within the near term.

Revenue Recognition - Property Taxes

As of June 30, 2024, taxes receivable consists of current and delinquent uncollected taxes for the past five years. Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 15 if the first half of the taxes has not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the district.

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, "Revenue Recognition – Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government – wide financial statements. Property taxes are limited by state laws. All district tax levies are in compliance with state laws.

Revenue Recognition - Proprietary Fund

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges to other funds for health insurance premiums. Operating expenses for the internal service fund include the cost of claims and related administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

Leases

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District are reasonably certain to exercise. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Subscription-Based Information Technology Arrangements (SBITA)

Subscription-Based Information Technology Arrangements (SBITA) are contracts that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

The determination of whether a SBITA asset and liability are to be recorded in the financial statements is made at inception by evaluating the maximum possible term of the SBITA. SBITA contract with an initial term of more than 12 months, or that contain an option to extend the contract more than 12 months that is reasonably expected to be exercised by the District, are recognized based on the present value of subscription payments over the contract term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the SBITA contract commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the SBITA contract commencement.

The District continues to recognize short-term SBITA subscription payments as outflows of resources (expenditure) based on the payment provision of the SBITA contract. Short-term SBITA contracts have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

The amortizable life of SBITA assets are limited to the shorter of the expected agreement term or the useful life of the underlying asset.

NOTE 3 DEPOSITS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

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

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Custodial Credit Risk

At year end June 30, 2024, the District's carrying amount of cash and cash equivalents was as follows:

Governmental funds	\$ 13,829,011
Internal service fund	<u>17,244,408</u>
 Total cash and cash equivalents	 <u><u>\$ 31,073,419</u></u>

The bank balance of these deposits that was subject to custodial credit risk as of June 30, 2024 was \$31,798,486. The remaining amounts are not subject to custodial credit risk. The entirety of the balance subject to custodial credit is covered by the FDIC (Federal Deposit Insurance Corporation) and pledged collateral held in the District's name.

NOTE 4 CAPITAL ASSETS

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated				
Land	\$ 15,812,798	\$ 2,779,000	\$ -	\$ 18,591,798
Construction in progress	17,077,231	5,894,841	(14,908,198)	8,063,874
Total capital assets, not depreciated	<u>32,890,029</u>	<u>8,673,841</u>	<u>(14,908,198)</u>	<u>26,655,672</u>
Capital assets, being depreciated				
Buildings	351,835,362	18,256,601	(142,974)	369,948,989
Improvements other than buildings	20,805,348	1,425,337	-	22,230,685
Furniture and equipment	4,185,668	244,336	(71,390)	4,358,614
Lease assets	489,739	410,348	(317,840)	582,247
SBITA's	985,417	315,419	(62,719)	1,238,117
Vehicles and equipment	6,082,242	780,849	(12,713)	6,850,378
Total capital assets, being depreciated	<u>384,383,776</u>	<u>21,432,890</u>	<u>(607,636)</u>	<u>405,209,030</u>
Less accumulated depreciation for				
Buildings	91,910,851	7,023,045	(111,622)	98,822,274
Improvements other than buildings	8,156,320	1,019,241	-	9,175,561
Furniture and equipment	2,792,697	368,701	(71,390)	3,090,008
Lease assets	317,591	205,175	(317,840)	204,926
SBITA's	285,935	348,014	(62,719)	571,230
Vehicles and equipment	3,213,200	436,222	(10,614)	3,638,808
Total accumulated depreciation	<u>106,676,594</u>	<u>9,400,398</u>	<u>(574,185)</u>	<u>115,502,807</u>
Total capital assets being depreciated, net	<u>277,707,182</u>	<u>12,032,492</u>	<u>(33,451)</u>	<u>289,706,223</u>
Governmental activities capital assets, net	<u><u>\$ 310,597,211</u></u>	<u><u>\$ 20,706,333</u></u>	<u><u>\$ (14,941,649)</u></u>	<u><u>\$ 316,361,895</u></u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Governmental activities:

Regular instruction	\$ 6,312,078
Special education	38,389
Career and technical education	357,018
District wide services	645,893
School food services	86,342
Operations and maintenance	1,040,855
Transportation	237,044
Co-curricular activities	597,871
Other	84,908
Total depreciation expense - governmental activities	<u>\$ 9,400,398</u>

Leases

The District leases one copy machine and two athletic spaces, one for ice activities and one for aquatic activities. The terms of the leases range from 18-60 months, commencing on July 1, 2021 and terminating at various dates until January 1, 2025 with annual payments ranging from \$3,299 - \$115,920.

The following is the total lease expense for the year ended June 30, 2024:

Amortization expense	\$ 205,175
Interest on lease liabilities	<u>9,156</u>
Lease expense	<u>\$ 214,331</u>

Subscription-Based Information Technology Arrangements (SBITA)

The District entered into various subscription-based information technology arrangements (SBITAs) with various vendors for the usage of various computer and education software. The SBITA contracts commenced on July 1, 2022 and terminate at various dates until June 30, 2028, with an annual payments ranging from \$2,447 - \$27,603.

The following is the total SBITA expense for the year ended June 30, 2024:

Amortization expense by class of underlying asset	
SBITA assets	\$ 348,014
Total amortization expense	<u>348,014</u>
Interest on SBITA liabilities	<u>2,025</u>
Total	<u>\$ 350,039</u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 5 ACCOUNTS, SALARIES AND BENEFITS PAYABLE

Accounts, salaries and benefits payable consists of amounts owed for goods and services received prior to June 30, 2024 and chargeable to the appropriations for the year then ended, but paid subsequent to that date. A detail of accounts, salaries and benefits payable is as follows as of June 30, 2024:

General Fund:

Accounts payable	\$ 1,678,146
Salaries payable	14,658,733
Benefits payable	5,582,415
	<u>21,919,294</u>

Building Fund:

Accounts payable	<u>696,392</u>
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School Food Services Fund:

Accounts payable	235,849
Salaries payable	65,446
Benefits payable	9,154
	<u>310,449</u>

Student Activity Fund:

Accounts payable	573,659
Salaries payable	44,322
Benefits payable	31,697
	<u>649,678</u>

CRACTC:

Accounts payable	243
Salaries payable	72,947
Benefits payable	34,434
	<u>107,624</u>

TLC/CREA

Accounts payable	<u>1,375</u>
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Self-Funded Health Insurance Fund

Accounts payable	<u>850,933</u>
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Total accounts, salaries and benefits payable	<u><u>\$ 24,535,745</u></u>
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BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 6 LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
Compensated absences *	\$ 3,858,875	\$ 361,567	\$ -	\$ 4,220,442	\$ 420,000
General obligation bonds payable	105,346,234	-	(7,461,759)	97,884,475	7,546,759
Notes payable	29,217,641	-	(2,298,034)	26,919,607	2,371,860
Special assessments payable	1,036,815	1,375,348	(509,319)	1,902,844	283,666
SBITA payable	121,768	239,578	(129,429)	231,917	111,241
Leases payable	44,585	410,348	(243,273)	211,660	211,660
	<u>\$ 139,625,918</u>	<u>\$ 2,386,841</u>	<u>\$ (10,641,814)</u>	<u>\$ 131,370,945</u>	<u>\$ 10,945,186</u>

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reduction.

Debt Outstanding

The obligations under general obligation bonds, notes payable, special assessments payable, and leases are as follows:

<u>General Obligation Bonds</u>	<u>Outstanding 6/30/2024</u>
\$10,000,000 General Obligation Building Fund Bonds of 2012, due in annual installments of \$460,000 to \$640,000 through May 1, 2032, interest at 1.00% to 2.25%. Payments are to be made from the Debt Service Fund.	\$ 4,690,000
\$32,500,000 General Obligation Bonds of 2017, due in annual installments of \$1,200,000 to \$2,160,000 through May 1, 2037, interest at 3.125% to 5.00%. Payments are to be made from the Debt Service Fund. Includes premium of \$1,448,192.	24,543,192
\$9,290,000 General Obligation School Building Bonds of 2019, due in annual installments of \$330,000 to \$615,000 through May 1, 2039, interest at 3.00% to 5.00%. Payments are to be made from the Debt Service Fund. Includes premium of \$538,477.	8,053,477

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

\$46,050,000 General Obligation School Building Refunding Bonds of 2020, due in annual installments of \$3,340,000 to \$3,905,000 through May 1, 2033, interest at 0.65% to 2.15%. Payments are to be made from the Debt Service Fund. \$ 32,545,000

\$33,000,000 General Obligation Building Fund Bonds 2020B, due in annual installments of \$1,480,000 to \$1,930,000 through May 1, 2040, interest at 1.00% to 4.00%. Payments are to be made from the Building Fund. Includes premium of \$746,002. 27,476,002

\$710,000 General Obligation Building Fund Bonds 2020C, due in annual installments of \$35,000 to \$45,000 through May 1, 2039, interest at 1.75% to 4.00%. Payments are to be made from the Debt Service Fund. Includes premium of \$11,804. 576,804

Total General Obligation Bonds Payable \$ 97,884,475

Notes Payable

\$7,216,443 Equipment / Lease Purchase Agreement of 2013, due in annual installments of \$144,517 to \$576,095 through June 1, 2028, interest at 2.21%. Payments are to be made from the General Fund. The entire balance is not associated with fixed assets. \$ 2,839,089

\$15,000,000 School Construction Loan dated June 30, 2014, due in annual installments of \$591,951 to \$932,387 through June 1, 2034, interest at 2.42%. Payments are to be made from the Debt Service Fund. 8,382,934

\$5,000,000 School Construction Loan dated May 31, 2017. Annual installments of \$249,849 to \$342,989 through August 1, 2036, interest at 2.00%. Payments are to be made from the Debt Service Fund. 3,968,300

\$10,000,000 School Construction Loan dated September 19, 2018. Annual installments of \$415,577 to \$593,547 through August 1, 2038 interest at 2.00%. Payments are to be made from the Debt Service Fund. 7,775,459

\$4,865,138 Equipment / Lease Purchase Agreement of 2021, due in annual installments of \$277,001 to \$372,276 through July 31, 2035, interest at 2.30%. Payments are to be made from the General Fund. The entire balance is not associated with fixed assets. 3,953,825

Total Notes Payable \$ 26,919,607

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Special Assessments

Special assessments payable represents special assessment taxes levied by the City of Bismarck, ND against the school district's share of the benefit derived from city funded improvements. The special assessments payable are due in varying annual installments through 2038 with interest at 2.17% to 5.00%. Payments are to be made from the Building Fund.

\$ 1,902,844

Leases

\$171,899 lease starting September 2019 for the purchase of a copy machine. Due in montly principal and interest installments of \$3,299 at 5.70% until August 2024. Payments are to be made from the General Fund.

\$ 6,549

\$186,853 lease starting July 2023 for the use of athletic space. Due in semi-annual monthly principal and interest installments of \$48,457 at 5.00% until January 2025. Payments are to be made from the General Fund.

93,398

\$223,495 lease starting July 2023 for the use of athletic space. Due in semi-annual monthly principal and interest installments of \$57,960 at 5.00% until January 2025. Payments are to be made from the General Fund.

111,713

Total Leases Payable

\$ 211,660

SBITAs

\$67,449 lease starting July 2022 for the use of AESOP software. Due in annual principal and interest installments of \$22,842 at 2.85% until June 2025. Payments are to be made from the General Fund.

\$ 22,842

\$75,545 lease starting July 2022 for the use of Forecast Location software. Due in annual principal and interest installments of \$27,063 at 2.85% until June 2025. Payments are to be made from the General Fund.

25,584

\$6,930 lease starting July 2022 for the use of Velocity software. Due in annual principal and interest installments of \$2,313 at 2.85% until June 2025. Payments are to be made from the General Fund.

2,313

\$107,269 lease starting July 2023 for the use of EMS software. Due in annual principal and interest installments of \$23,250 at 4.19% until June 2028. Payments are to be made from the Food Service Fund.

84,019

\$94,220 lease starting July 2023 for the use of Finals site software. Due in annual principal and interest installments ranging from \$15,650 - \$23,549 at 4.19% until June 2028. Payments are to be made from the General Fund.

78,570

\$38,027 lease starting July 2023 for the use of Swift K-12 software. Due in annual principal and interest installments of 19,438 at 4.56% until June 2025. Payments are to be made from the General Fund.

18,589

Total SBITAs Payable

\$ 231,917

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Debt Service Requirements

Annual requirements on long term debt at June 30, 2024 are as follows:

Year Ending June 30	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 7,546,759	\$ 2,009,845	\$ 2,371,860	\$ 596,232
2026	7,651,759	1,811,312	2,454,547	538,933
2027	7,766,759	1,601,750	2,535,475	484,347
2028	7,906,759	1,428,727	2,619,193	427,957
2029	8,066,759	1,259,890	2,065,268	369,703
2030 - 2034	37,878,795	3,677,758	10,276,176	1,169,590
2035 - 2039	19,093,245	569,580	4,597,088	239,594
2040 - 2044	1,973,640	(9,865)	-	-
Totals	<u>\$ 97,884,475</u>	<u>\$ 12,348,997</u>	<u>\$ 26,919,607</u>	<u>\$ 3,826,356</u>

Year Ending June 30	Special Assessments		SBITA's	
	Principal	Interest	Principal	Interest
2025	\$ 283,666	\$ 86,266	\$ 111,241	\$ 7,684
2026	188,586	74,135	40,155	4,140
2027	188,586	66,456	42,583	2,838
2028	188,586	58,776	37,938	1,462
2029	147,066	51,097	-	-
2030 - 2034	543,866	166,346	-	-
2035 - 2039	362,488	42,652	-	-
Totals	<u>\$ 1,902,844</u>	<u>\$ 545,728</u>	<u>\$ 231,917</u>	<u>\$ 16,124</u>

Year Ending June 30	Leases		Total Long-Term Debt	
	Principal	Interest	Principal	Interest
2025	\$ 211,660	\$ 7,774	\$ 10,525,186	\$ 2,707,801
2026	-	-	10,335,047	2,428,520
2027	-	-	10,533,403	2,155,391
2028	-	-	10,752,476	1,916,922
2029	-	-	10,279,093	1,680,690
2030 - 2034	-	-	48,698,837	5,013,694
2035 - 2039	-	-	24,052,821	851,826
2040 - 2044	-	-	1,973,640	(9,865)
Totals	<u>\$ 211,660</u>	<u>\$ 7,774</u>	<u>\$ 127,150,503</u>	<u>\$ 16,744,979</u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 7 FUND BALANCES

At June 30, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Building Fund	Food Service Fund	Special Revenue Funds	Debt Service Funds	Total
Non-spendable:						
Prepays	\$ 57,554	\$ -	\$ -	\$ -	\$ -	\$ 57,554
Inventories	-	-	108,511	-	-	108,511
Restricted:						
Debt Service	-	-	-	-	5,595,587	5,595,587
Career and Technical Education	-	-	-	256,761	-	256,761
Teacher Learning Center	-	-	-	32,600	-	32,600
Assigned:						
Food Service	-	-	4,146,460	-	-	4,146,460
Activities	-	-	-	2,366,762	-	2,366,762
Unassigned:						
General Fund	16,009,364	-	-	-	-	16,009,364
Building Fund	-	(10,849,758)	-	-	-	(10,849,758)
	<u>\$ 16,066,918</u>	<u>\$ (10,849,758)</u>	<u>\$ 4,254,971</u>	<u>\$ 2,656,123</u>	<u>\$ 5,595,587</u>	<u>\$ 17,723,841</u>

NOTE 8 RISK MANAGEMENT

The Bismarck Public School District No. 1 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 (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Bismarck Public School District pays an annual premium to NDIRF for its general liability and automobile insurance coverage. The coverage by NDIRF is limited to losses on two million dollars per occurrence for general liability and automobile. The district insures machinery and equipment with the Hartford Steam Boiler Inspection and Insurance Company. Coverage is limited to \$100,000,000.

The Bismarck Public School District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Both of these funds are now managed by the NDIRF. The District pays an annual premium to the NDIRF on behalf of the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by NDIRF. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees.

The Bismarck Public School District No. 1 has workers compensation with the North Dakota Workforce Safety and Insurance.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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

Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$2,203,000 as of June 30, 2024. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement. Changes in the claim reserve payable during the year were as follows:

Balance, July 1, 2023	\$ 2,329,000
Incurred claims including incurred but not reported	29,302,355
Less: claims paid	<u>(29,428,355)</u>
Balance, June 30, 2024	<u>\$ 2,203,000</u>

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

NOTE 9 NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

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

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

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

Pension Benefits

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

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Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

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Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

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

At June 30, 2024, the District reported a liability of \$154,410,358 for its proportionate share of the 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 Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2023, the Employer's proportion was 11.003279 percent, which was an increase of 0.269566 percent from its proportion measured at June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of \$13,419,591. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 575,356	\$ 8,196,094
Changes of assumptions	2,443,342	-
Net difference between projected and actual earnings on pension plan investments	9,424,274	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,921,098	1,306,814
Employer contributions subsequent to the measurement date	11,805,566	-
	<u>\$ 30,169,636</u>	<u>\$ 9,502,908</u>

\$11,805,566 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 ending 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:

Year ended June 30:

2025	\$ 422,054
2026	(1,506,672)
2027	9,954,610
2028	136,086
2029	150,185
Thereafter	(295,101)

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

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

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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 TFFR 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 TFFR 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, TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2023. Therefore, the long-term expected rate of return on TFFR investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2023, as well as what the Employer'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%
Employer's proportionate share of the net pension liability	\$ 214,982,672	\$ 154,410,358	\$ 104,145,299

Pension Plan Fiduciary Net Position

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

NOTE 10 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT 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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. NDPERS has no provision 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 will be replaced with the Rule of 90 with a minimum age of 60. The annual 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. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

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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 has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At June 30, 2024, the Employer reported a liability of \$50,567,531 for its proportionate share of the 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 Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the Employer's proportion was 2.622454 percent, which was a decrease of 0.080690 percent from its proportion measured at June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of \$4,510,664. At June 30, 2024, the Employer 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	\$ 1,646,139	\$ 278,877
Changes of assumptions	27,883,529	38,382,040
Net difference between projected and actual earnings on pension plan investments	1,326,800	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,325,062	1,589,206
Employer contributions subsequent to the measurement date	2,873,367	-
	<u>\$ 35,054,897</u>	<u>\$ 40,250,123</u>

\$2,873,367 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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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:

Year ended June 30:		
2025	\$	290,566
2026		(5,917,610)
2027		666,385
2028		(3,107,934)

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	3.5% 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%
Global Real Assets	19%	4.33%

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

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then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

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

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

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer'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	Current	1% Increase
	5.50%	Discount Rate	7.50%
	6.50%		
Employer's proportionate share of the net pension liability	\$ 69,720,476	\$ 50,567,531	\$ 34,678,677

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

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

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member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At June 30, 2024, the Employer reported a liability of \$2,240,132 for its proportionate share of the 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 Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the Employer's proportion was 2.240689 percent, which was a decrease of 0.122220 from its proportion measured at June 30, 2022.

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For the year ended June 30, 2024, the Employer recognized OPEB expense of \$421,016. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,145	\$ 25,636
Changes of assumptions	477,769	185,510
Net difference between projected and actual earnings on pension plan investments	161,799	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,178	120,670
Employer contributions subsequent to the measurement date	265,133	-
	<u>\$ 1,011,024</u>	<u>\$ 331,816</u>

\$265,133 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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:

Year ended June 30:		
2025	\$	163,354
2026		124,060
2027		198,720
2028		(72,059)

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

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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
S&P 500 Index	33%	5.50%
US Small Cap Equity	6%	7.65%
World Equity ex-US	26%	6.82%
US High Yield	3%	5.32%
Emerging Markets Debt	4%	6.25%
Core Fixed Income	28%	4.04%

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 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.

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JUNE 30, 2024

Sensitivity of the Employer'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%
Employer's proportionate share of the net OPEB liability	\$ 2,944,081	\$ 2,240,132	\$ 1,647,492

NOTE 12 CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material effect on the overall financial position of the District as of June 30, 2024.

NOTE 13 NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its food service and twenty-first century learning programs. The market value of commodities received for the year ended June 30, 2024 was \$574,591.

NOTE 14 COMMITMENTS

The District entered into various construction contracts prior to year-end. The following table summarizes the total costs of these contracts and amounts expensed on these contracts that are included in construction in progress.

	Total Construction Commitments Under Contract at June 30, 2024	Amounts Expensed Prior to June 30, 2024	Remaining Construction Commitments at June 30, 2024
Lincoln Elementary	\$ 7,991,954	\$ 7,215,509	\$ 776,445
Northeast CTE Building	8,511,822	-	8,511,822
	<u>\$ 16,503,776</u>	<u>\$ 7,215,509</u>	<u>\$ 9,288,267</u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 15 DUE TO / DUE FROM OTHER FUNDS

The due to and due from other funds as of June 30, 2024 are for the purpose of funding cash overdrafts. The amounts are as follows:

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
General fund	\$ -	\$ 10,785,652
Building fund	10,785,652	-
Total transfers	<u>\$ 10,785,652</u>	<u>\$ 10,785,652</u>

Amounts will be repaid as cash flow permits.

NOTE 16 DEFICIT FUND BALANCE

The building fund had a deficit fund balance as of June 30, 2024 of \$10,849,758. This will be alleviated by property tax revenue in excess of expenditures in the next two to three years.

NOTE 17 FUTURE PRONOUNCEMENTS

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Management has not yet determined what effect these statements will have on the District's financial statements.

NOTE 18 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through December 4, 2024, which is the date these financial statements were available to be issued.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance With Budget
REVENUES				
Local sources	\$ 53,224,600	\$ 53,224,600	\$ 54,378,781	\$ 1,154,181
State sources	137,206,266	137,494,694	135,011,527	(2,483,167)
Federal sources	20,594,002	21,705,574	17,842,578	(3,862,996)
TOTAL REVENUES	211,024,868	212,424,868	207,232,886	(5,191,982)
EXPENDITURES				
Current				
Regular instruction	108,625,347	108,696,192	109,427,206	731,014
Special education	42,351,007	42,710,095	40,455,686	(2,254,409)
Career and technical education	6,377,546	6,490,131	6,816,075	325,944
District wide services	20,107,973	19,005,413	14,459,978	(4,545,435)
Operations and maintenance	17,954,543	18,148,940	16,358,918	(1,790,022)
Transportation	6,696,465	6,709,155	6,552,102	(157,053)
Co-curricular activities	7,253,061	7,251,561	6,233,477	(1,018,084)
Other	3,626,777	3,792,405	3,535,812	(256,593)
Debt Service:				
Principal	860,440	860,440	1,208,579	348,139
Interest	172,963	172,963	185,456	12,493
Capital outlay	-	-	1,573,256	1,573,256
TOTAL EXPENDITURES	214,026,122	213,837,295	206,806,545	(7,030,750)
Excess (deficiency) of revenues over expenditures	<u>(3,001,254)</u>	<u>(1,412,427)</u>	<u>426,341</u>	<u>1,838,768</u>
OTHER FINANCING SOURCES (USES)				
Issuance of SBITA	-	-	132,309	(132,309)
Issuance of lease	-	-	410,348	(410,348)
Proceeds from sale of capital asset	-	-	5,200	5,200
Transfers out	-	(1,588,827)	-	(1,588,827)
TOTAL OTHER FINANCING SOURCES (USES)	-	(1,588,827)	547,857	(2,126,284)
Net change in fund balances	<u>\$ (3,001,254)</u>	<u>\$ (3,001,254)</u>	<u>974,198</u>	<u>\$ (287,516)</u>
Fund balances - beginning			<u>15,092,720</u>	
Fund balances - ending			<u>\$ 16,066,918</u>	

See Notes to Required Supplementary Information

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	11.003279%	\$ 154,410,358	\$ 88,291,709	174.89%	69.34%
2023	10.733713%	156,288,542	84,464,921	185.03%	67.50%
2022	10.476850%	110,389,891	80,745,044	136.71%	75.70%
2021	10.464261%	160,155,871	76,353,593	209.76%	63.40%
2020	10.586113%	145,797,572	74,264,596	196.32%	65.50%
2019	10.706402%	142,701,175	72,783,129	196.06%	65.50%
2018	10.790804%	148,214,475	72,834,836	203.49%	63.20%
2017	10.654036%	156,087,867	69,221,921	225.49%	59.20%
2016	10.783616%	141,034,081	66,330,545	212.62%	62.10%
2015	10.642008%	111,509,377	61,729,312	180.64%	66.60%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2.622454%	\$ 50,567,531	\$ 32,069,220	157.68%	65.31%
2023	2.703144%	77,852,347	31,379,085	248.10%	54.47%
2022	2.610590%	27,210,194	29,562,085	92.04%	78.26%
2021	2.634385%	82,878,316	29,060,447	285.19%	48.91%
2020	2.541659%	29,790,083	26,437,584	112.68%	71.66%
2019	2.468742%	41,662,714	25,361,813	164.27%	62.80%
2018	2.418788%	38,877,861	24,692,032	157.45%	61.98%
2017	2.472335%	24,095,315	24,915,307	96.71%	70.46%
2016	2.364784%	16,080,127	21,067,356	76.33%	77.15%
2015	2.245963%	14,255,607	18,919,546	75.35%	77.70%

See Notes to Required Supplementary Information

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2.240689%	\$ 2,240,132	\$ 22,523,021	9.95%	62.74%
2023	2.362909%	2,836,222	24,394,787	11.63%	56.28%
2022	2.317061%	1,288,687	25,261,935	5.10%	76.63%
2021	2.448348%	2,059,544	27,910,448	7.38%	63.38%
2020	2.369261%	1,902,961	26,437,584	7.20%	63.13%
2019	2.317805%	1,825,429	25,361,813	7.20%	61.89%
2018	2.282409%	1,805,410	24,692,032	7.31%	59.78%

* Complete data for this schedule is not available prior to 2018.

See Notes to Required Supplementary Information

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$ 11,805,566	\$ (11,805,566)	\$ -	\$ 92,592,675	12.75%
2023	11,257,193	(11,257,193)	-	88,291,709	12.75%
2022	10,769,278	(10,769,278)	-	84,464,921	12.75%
2021	10,294,993	(10,294,993)	-	80,745,044	12.75%
2020	9,735,086	(9,735,086)	-	76,353,593	12.75%
2019	9,468,736	(9,468,736)	-	74,264,596	12.75%
2018	9,279,851	(9,279,851)	-	72,783,129	12.75%
2017	9,286,444	(9,286,444)	-	72,834,836	12.75%
2016	8,825,796	(8,825,796)	-	69,221,921	12.75%
2015	8,456,738	(8,456,738)	-	66,330,545	12.75%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$ 2,873,367	\$ (2,873,367)	\$ -	\$ 33,739,138	8.52%
2023	2,529,164	(2,529,164)	-	33,971,261	7.45%
2022	2,380,429	(2,380,429)	-	32,378,373	7.35%
2021	2,181,499	(2,181,499)	-	30,090,157	7.25%
2020	2,058,699	(2,058,699)	-	28,836,155	7.14%
2019	1,950,138	(1,950,138)	-	27,389,579	7.12%
2018	1,870,272	(1,870,272)	-	26,267,865	7.12%
2017	1,797,755	(1,797,755)	-	25,249,368	7.12%
2016	1,559,883	(1,559,883)	-	21,908,469	7.12%
2015	1,570,339	(1,570,339)	-	22,055,323	7.12%

See Notes to Required Supplementary Information

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$ 265,133	\$ (265,133)	\$ -	\$ 23,257,281	1.14%
2023	276,863	(276,863)	-	24,286,228	1.14%
2022	294,026	(294,026)	-	25,791,754	1.14%
2021	303,948	(303,948)	-	26,662,105	1.14%
2020	323,165	(323,165)	-	28,347,807	1.14%
2019	312,245	(312,245)	-	27,389,912	1.14%
2018	299,507	(299,507)	-	26,272,544	1.14%

* Complete data for this schedule is not available prior to 2018.

See Notes to Required Supplementary Information

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund.

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 15th day of August of each year.
- The taxes levied must be certified to the county auditor by October 10th.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the business and operations manager at the revenue and expenditure function/object level.
- The current budget, except property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

NOTE 2 CHANGE OF ASSUMPTIONS AND BENEFIT TERMS

TFFR Pension Plan

Changes of assumptions

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

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

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

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2024

- 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.

NDPERS Pension Plan

Changes of benefit terms

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 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.

Changes of assumptions

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.

NDPERS OPEB

Changes of benefit terms

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, 2022.

Changes of assumptions

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.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds				Debt Service Funds	Total Nonmajor Governmental Funds
	Activities	CRACTC	Food Service	TLC/CREA		
ASSETS						
Cash and cash equivalents	\$ 2,987,720	\$ 255,460	\$ 4,520,494	\$ 23,900	\$ 5,558,964	\$ 13,346,538
Accounts receivable	14	-	-	-	-	14
Taxes receivable	-	-	242,202	-	358,460	600,662
Intergovernmental receivable	28,706	108,924	-	10,076	-	147,706
Due from county treasurer	-	-	-	-	36,623	36,623
Inventory	-	-	108,511	-	-	108,511
TOTAL ASSETS	<u>\$ 3,016,440</u>	<u>\$ 364,384</u>	<u>\$ 4,871,207</u>	<u>\$ 33,976</u>	<u>\$ 5,954,047</u>	<u>\$ 14,240,054</u>
LIABILITIES						
Accounts, salaries and benefits payable	\$ 649,678	\$ 107,623	\$ 310,450	\$ 1,376	\$ -	\$ 1,069,127
Unearned revenue	-	-	305,786	-	-	305,786
TOTAL LIABILITIES	<u>649,678</u>	<u>107,623</u>	<u>616,236</u>	<u>1,376</u>	<u>-</u>	<u>1,374,913</u>
DEFERRED INFLOWS OF RESOURCES						
Delinquent taxes	-	-	-	-	358,460	358,460
FUND BALANCES						
Nonspendable	-	-	108,511	-	-	108,511
Restricted	-	256,761	-	32,600	5,595,587	5,884,948
Assigned	2,366,762	-	4,146,460	-	-	6,513,222
TOTAL FUND BALANCES	<u>2,366,762</u>	<u>256,761</u>	<u>4,254,971</u>	<u>32,600</u>	<u>5,595,587</u>	<u>12,506,681</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,016,440</u>	<u>\$ 364,384</u>	<u>\$ 4,871,207</u>	<u>\$ 33,976</u>	<u>\$ 5,954,047</u>	<u>\$ 14,240,054</u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2024

	G.O. Bonds of 2012	G.O. Bonds of 2014	G.O. Bonds of 2017A	G.O. Bonds of 2017B	G.O. Bonds of 2018	G.O. Bonds of 2019	G.O. Bonds of 2020	G.O. Bonds of 2020C	Total Debt Service Funds
ASSETS									
Cash and cash equivalents	\$ 670,188	\$ 707,613	\$ 1,150,409	\$ 306,511	\$ 377,307	\$ 201,469	\$ 2,138,936	\$ 6,531	\$ 5,558,964
Taxes receivable	23,318	35,801	88,403	12,837	22,726	23,810	149,839	1,726	358,460
Due from county treasurer	2,378	3,657	9,047	1,309	2,320	2,432	15,303	177	36,623
TOTAL ASSETS	<u>\$ 695,884</u>	<u>\$ 747,071</u>	<u>\$ 1,247,859</u>	<u>\$ 320,657</u>	<u>\$ 402,353</u>	<u>\$ 227,711</u>	<u>\$ 2,304,078</u>	<u>\$ 8,434</u>	<u>\$ 5,954,047</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	\$ 23,318	\$ 35,801	\$ 88,403	\$ 12,837	\$ 22,726	\$ 23,810	\$ 149,839	\$ 1,726	\$ 358,460
Total liabilities	<u>23,318</u>	<u>35,801</u>	<u>88,403</u>	<u>12,837</u>	<u>22,726</u>	<u>23,810</u>	<u>149,839</u>	<u>1,726</u>	<u>358,460</u>
FUND BALANCES									
Restricted for debt service	<u>672,566</u>	<u>711,270</u>	<u>1,159,456</u>	<u>307,820</u>	<u>379,627</u>	<u>203,901</u>	<u>2,154,239</u>	<u>6,708</u>	<u>5,595,587</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 695,884</u>	<u>\$ 747,071</u>	<u>\$ 1,247,859</u>	<u>\$ 320,657</u>	<u>\$ 402,353</u>	<u>\$ 227,711</u>	<u>\$ 2,304,078</u>	<u>\$ 8,434</u>	<u>\$ 5,954,047</u>

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - TOTAL NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				Debt Service Funds	Total Nonmajor Governmental Funds
	Activities	CRACTC	Food Service	TLC/CREA		
REVENUES						
Local sources	\$ 3,765,669	\$ 637,151	\$ 4,952,970	\$ 12,542	\$ 10,149,954	\$ 19,518,286
State sources	2,726,417	851,357	189,522	-	-	3,767,296
Federal sources	-	57,618	4,431,076	20,153	-	4,508,847
TOTAL REVENUES	6,492,086	1,546,126	9,573,568	32,695	10,149,954	27,794,429
EXPENDITURES						
Current						
Regular instruction	-	-	-	35,863	-	35,863
Career and technical education	-	1,406,296	-	-	-	1,406,296
School food services	-	-	10,621,350	-	-	10,621,350
Co-curricular activities	7,005,218	-	-	-	-	7,005,218
Debt Service						
Principal	-	-	23,250	-	7,208,906	7,232,156
Interest	-	-	-	-	2,370,759	2,370,759
Service charges	-	-	-	-	6,475	6,475
Capital Outlay	35,985	-	331,429	-	-	367,414
TOTAL EXPENDITURES	7,041,203	1,406,296	10,976,029	35,863	9,586,140	29,045,531
Excess (deficiency) of revenues over expenditures	(549,117)	139,830	(1,402,461)	(3,168)	563,814	(1,251,102)
OTHER FINANCING SOURCES (USES)						
Proceeds from SBITA asset	-	-	107,269	-	-	107,269
Proceeds from sale of capital asset	-	-	2,040	-	-	2,040
TOTAL OTHER FINANCING SOURCES (USES)	-	-	109,309	-	-	109,309
Net change in fund balances	(549,117)	139,830	(1,293,152)	(3,168)	563,814	(1,141,793)
Fund balances - beginning	2,915,879	116,931	5,548,123	35,768	5,031,773	13,648,474
Fund balances - ending	\$ 2,366,762	\$ 256,761	\$ 4,254,971	\$ 32,600	\$ 5,595,587	\$ 12,506,681

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	G.O. Bonds of 2012	G.O. Bonds of 2014	G.O. Bonds of 2017A	G.O. Bonds of 2017B	G.O. Bonds of 2018	G.O. Bonds of 2019	G.O. Bonds of 2020	G.O. Bonds of 2020C	Total Debt Service Funds
REVENUES									
Local sources	\$ 661,722	\$ 1,014,266	\$ 2,497,871	\$ 364,273	\$ 643,787	\$ 674,229	\$ 4,245,247	\$ 48,559	\$ 10,149,954
EXPENDITURES									
Debt Service									
Principal	525,000	736,707	1,435,000	263,797	438,402	375,000	3,400,000	35,000	7,208,906
Interest	100,606	218,243	921,556	86,053	167,015	261,500	603,198	12,588	2,370,759
Service charges	1,258	63	1,257	62	64	1,258	1,256	1,257	6,475
Total expenditures	626,864	955,013	2,357,813	349,912	605,481	637,758	4,004,454	48,845	9,586,140
EXCESS OF REVENUES OVER EXPENDITURES	34,858	59,253	140,058	14,361	38,306	36,471	240,793	(286)	563,814
NET CHANGE IN FUND BALANCES	34,858	59,253	140,058	14,361	38,306	36,471	240,793	(286)	563,814
FUND BALANCE - BEGINNING	637,708	652,017	1,019,398	293,459	341,321	167,430	1,913,446	6,994	5,031,773
FUND BALANCE - ENDING	\$ 672,566	\$ 711,270	\$ 1,159,456	\$ 307,820	\$ 379,627	\$ 203,901	\$ 2,154,239	\$ 6,708	\$ 5,595,587

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through North Dakota Department of Public Instruction:				
School Breakfast Program	10.553	F10553		\$ 761,686
National School Lunch Program	10.555	F10555		2,528,311
National School Lunch Program - commodities	10.555	N/A		573,000
National School Lunch Program - supply chain assistance	10.555S	F10555S		264,345
Summer Food Service Program	10.559	F10559		285,991
Summer Food Service Program - commodities	10.559	N/A		1,591
Fresh Fruit and Vegetable Program	10.582	F10582		134,953
Child Nutrition Cluster				<u>4,549,877</u>
Team Nutrition	10.574	F10574		7,531
Administrative Expenses for Child Nutrition	10.560	F10560		8,622
Child and Adult Care Food Program	10.558	F10558		<u>134,501</u>
Total U.S. Department of Agriculture				<u>4,700,531</u>
U.S. DEPARTMENT OF INTERIOR				
Passed through Standing Rock Sioux Tribe:				
Indian Education - Assistance to Schools	15.130	N/A		<u>42,155</u>
U.S. DEPARTMENT OF JUSTICE				
Juvenile Justice Stage Advisory Group	16.540			<u>93,877</u>
U.S. DEPARTMENT OF TREASURY				
Passed through North Dakota Department of Career and Technical Education:				
COVID-19: Capital Projects	21.029	N/A		<u>151,681</u>
U.S. DEPARTMENT OF EDUCATION				
Indian Education - Grants to Local Education Associations	84.060			397,288
Passed through the State Board of Career and Technical Education:				
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	2038		289,161
Passed through North Dakota Department of Public Instruction:				
Adult Education	84.002	F84002A		96,973
Title I - Grants to LEAs	84.010	F84010		4,353,519
IDEA, Part B Special Education	84.027	F84027A		4,165,276
IDEA, Part B Special Education - Preschool Special Education Cluster (IDEA)	84.173	F84173A		<u>72,432</u>
				4,237,708
Education for Homeless Children and Youth	84.196	F84196A		81,043
English Language Acquisition Grants	84.365	F84365A	\$ 20,153	45,299
Improving Teacher Quality State Grants	84.367	F84367		956,605
Comprehensive Literacy Development	84.371	F84371C / F84371C2		829,548
Title IV - Student Support and Academic Enrichment	84.424	F84424A		526,905
COVID-19: Education Stabilization Fund	84.425	F84425D		810
COVID-19: Education Stabilization Fund	84.425	F84425U		2,353,726
COVID-19: Education Stabilization Fund	84.425	F84425W		152,295
Total AL 84.425				<u>2,506,831</u>
Total U.S. Department of Education				<u>14,320,880</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start Cluster:				
Head Start	93.600			2,179,919
Passed through North Dakota Department of Human Services:				
Refugee and Entrant Assistance Programs	93.566	2102NDRSSS		<u>205,572</u>
Total U.S. Department of Health and Human Services				<u>2,385,491</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through North Dakota Department of Emergency Services:				
State and Local Cybersecurity Grant Program	97.137	EMW-2023-CT-000001		<u>751,622</u>
Total expenditures of federal awards			\$ 20,153	<u>\$ 22,446,237</u>

See Notes to the Schedule of Expenditures of Federal Awards

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards (the "schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the applicable cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

Bismarck Public School District No. 1 has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule includes the federal award activity of Bismarck Public School District No. 1 under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Bismarck Public School District No. 1, it is not intended to and does not present the financial positions, changes in net position, or cash flows of Bismarck Public School District No. 1. The amounts reported on the schedule have been reconciled to and are in agreement with amounts recorded in the accounting records from which the financial statements have been reported.

NOTE 4 AGENCY OR PASS-THROUGH NUMBER

The District received money passed through multiple grantor agencies. There were no pass-through identifier numbers identified with the grants above that do not identify a pass-through identifying number.

NOTE 5 RECONCILIATION TO FINANCIAL STATEMENTS

The schedule of expenditures of federal awards includes \$4,508,847 of federal funds expended and related federal revenue that is recorded in the District's various special revenue funds. These amounts, combined with federal revenues and expenditures in the general fund of \$17,842,578, and \$419,423 of federal revenues and expenditures in the building fund, less revenues of \$324,610 for the Regional Workforce Impact Program (RWIP), equals total federal revenue and expenditures of \$22,446,238.

**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**

To the School Board
Bismarck Public School District No. 1
Bismarck, 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 Bismarck Public School District No. 1 as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Bismarck Public School District No. 1's basic financial statements and have issued our report thereon dated December 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bismarck Public School District No. 1'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 Bismarck Public School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Bismarck Public School District No. 1's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bismarck Public School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

December 4, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board
Bismarck Public School District No. 1
Bismarck, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bismarck Public School District No. 1's 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 Bismarck Public School District No. 1's major federal programs for the year ended June 30, 2024. Bismarck Public School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bismarck Public School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Bismarck Public School District No. 1 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 Bismarck Public School District No. 1'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 Bismarck Public School District No. 1'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 Bismarck Public School District No. 1'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 generally accepted auditing standards, *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 Bismarck Public School District No. 1's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Bismarck Public School District No. 1'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 Bismarck Public School District No. 1'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 Bismarck Public School District No. 1's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Bismarck Public School District No. 1's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Bismarck Public School District No. 1's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

December 4, 2024

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

Noncompliance material to financial
statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

x yes _____ 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
2 CFR 200.516(a)?

_____ yes x no

AL Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.559 and 10.582
84.367
97.137
84.010

Child Nutrition Cluster
Improving Teacher Quality State Grants
State and Local Cyber Security Grant Program
Title I

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

x yes _____ no

Section II – Financial Statement Findings

There were no findings to be reported in this section.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDING AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Section III – Federal Award Findings and Questioned Costs

2024-001: AL#s 10.555, 10.558, 10.559, 10.582 Reporting – Significant Deficiency

Criteria

Per the compliance supplement for the Child Nutrition program, “Each month’s claim for reimbursement and all data used in the claims review process must be maintained on file. Records are required to be retained for a period of three years after submission of the final Claim for Reimbursement for the fiscal year.”

Condition

Supporting meal count reports that were filed as claims for reimbursement were not maintained on file.

Cause

New software was adopted in the current fiscal year. As a result of learning the new software’s capabilities, reports were not ‘locked down’ after being submitted and any edits or deletions to schools or students eligibility were applied retrospectively as opposed to prospectively. This resulted in immaterial meal count differences when reports that were pulled from the software for past dates were compared with the amounts submitted to the state.

Effect

Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question.

Questioned Costs

None

Recommendation

Meal records that are filed as a claim for reimbursement should be maintained 3 years from the fiscal year end date of when they were filed.

Views of Responsible of Officials and Planned Corrective Actions

The District agrees with the finding as presented. The child nutrition department will ensure both that the months are closed out in our software system so that data does not change after the fact and that original meal count reports ran from the system that match the claims filed with ND DPI are kept on file for the required time period. Corrective action has already taken place on a go forward basis starting when this was identified during audit testing.

Repeat Finding

This is a new finding in the current year.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

2023-001: Construction Manager At-Risk - Significant Deficiency and Other Noncompliance

Condition

Bismarck Public School District hired a Construction Manager At-Risk (CMAR) for the construction of two schools which included the Silver Ranch Elementary School and the Legacy High School. Under N.D.C.C 48-01.2-20, Bismarck Public School District is required to follow all elements listed in this state law. During testing, it was found that the following elements were not adhered to as stated below:

Silver Ranch Elementary

Selection Committee:

Did not include a registered architect in this committee prior to the establishing the content for the Request for Qualifications (RFQs)

Did not include a "licensed" contractor.

Evaluation of submitted RFQ to become the CMAR:

Documentation was unable to be provided by the school district for the ranking and evaluations of the submissions from the outside parties.

Documentation was unable to be provided for the school district's evaluation of the 3 highest ranked CMARs, including the final selection.

Legacy High School

Selection Committee:

Did not include a registered architect in this committee prior to the establishing the content for the Request for Qualifications (RFQs)

Did not include a "licensed" contractor.

Did not include a "registered" engineer.

RFQ Criteria:

c. The proposed budget limits of the public improvement were not listed.

Evaluation of submitted RFQ to become the CMAR:

Documentation was unable to be provided by the school district for the ranking and evaluations of the submissions from the outside parties.

Documentation was unable to be provided for the school district's evaluation of the 3 highest ranked CMARs, including the final selection.

Current Year Status

This finding was corrected in the current year.

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
SCHEDULE OF PRIOR YEAR FINDING - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2023-002: Conflict of Interest – Significant Deficiency and Other Noncompliance

Condition

Bismarck Public Schools does not have procedures in place to obtain potential conflict of interests from staff. Without this information, BPS is unable to reasonably assure that conflicts of interest do not exist when entering into contracts or conducting business with vendors.

Current Year Status

This finding was corrected in the current year.



**BISMARCK
PUBLIC SCHOOLS**

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701.323.4001 (Fax)
www.bismarckschools.org

Corrective Action Plan – For the Year Ended June 30, 2024

2024-001

Contact Person

Darin Scherr, Business and Operations Manager

Corrective Action Plan

The District agrees with the finding as presented. The child nutrition department will ensure both that the months are closed out in our software system so that data does not change after the fact and that original meal count reports ran from the system that match the claims filed with ND DPI are kept on file for the required time period. Corrective action has already taken place on a go forward basis starting when this was identified during audit testing.

Completion Date

Immediately