BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
BISMARCK, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
ROSTER OF SCHOOL OFFICIALS (UNAUDITED)
JUNE 30, 2022

Jon Lee	President
Dan Eastgate	Vice President
Emily Eckroth	Board Member
Josh Hager	Board Member
Donnell Preskey	Board Member
Dr. Jason Hornbacher	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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bismarck Public School District No. 1’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bismarck Public School District No. 1, as of June 30, 2022, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 87, *Leases* and GASB Statement No. 101, *Compensated Absences.* Our opinions are not modified with respect to this matter.

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, 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 November 27, 2022 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

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

November 27, 2022

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, 2022, with comparative data for the fiscal year ended June 30, 2021.

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 2021-22 are as follows:

- Net position of the District increased $16,109,279 as a result of the current year's operations. Governmental net position totaled $7,902,372 as of June 30, 2022.
- Total revenues from all sources were $230,792,509 and total expenditures were $214,683,230.
- The District's general fund had $194,408,067 in total revenues and other financing sources and $199,621,736 in expenditures and other financing uses, resulting in a net change in fund balance of $(5,213,669) for the year ended June 30, 2022.
- The unassigned general fund balance was $15,627,198 as of June 30, 2022. This balance represents 8.20% 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, 2022?". 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.

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, 2022, with comparative data for the fiscal year ended June 30, 2021.

As indicated in the financial highlights, the District's net position increased by $16,109,279 as a result of current year operations for the year ended June 30, 2022. The District's net position is segregated into three separate categories. Net investment in capital assets increased $28,459,070. It should be noted that this net position amount is not available for future spending. It is the remaining undepreciated value of the District's capital assets, less any related debt that remains outstanding that was used to construct or acquire the capital assets. Restricted net position increased $108,913. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position decreased $12,458,704. The unrestricted net position is available to meet the District's ongoing obligations.

Table I
Net Position

	6/30/22	6/30/21
ASSETS		
Current assets	$ 81,567,716	$ 99,141,756
Capital assets (net of accumulated depreciation)	292,160,430	271,872,866
Total assets	373,728,146	371,014,622
DEFERRED OUTFLOWS OF RESOURCES	50,872,634	80,574,367
LIABILITIES		
Current liabilities (exc. bonds payable, capital lease payable and compensated absences)	35,721,718	33,577,484
Bonds payable	112,707,992	119,984,752
Note payable	31,447,879	33,784,588
Special assessments payable	969,837	1,952,588
Net pension liability	137,600,085	243,034,187
Net OPEB liability	1,288,687	2,059,544
Long-term liabilities (exc. bonds and note payable and net pension liability)	4,117,777	4,110,307
Total liabilities	323,853,975	438,503,450
DEFERRED INFLOWS OF RESOURCES	92,844,433	21,292,446
NET POSITION		
Net investment in capital assets	153,354,845	124,895,775
Restricted for debt service, capital project, career and technical education and teacher learning center	4,259,025	4,150,112
Unrestricted	(149,711,498)	(137,252,794)
TOTAL NET POSITION (DEFICIT)	$ 7,902,372	$ (8,206,907)

Table II shows the changes in net position for the fiscal year ended June 30, 2022.

Table II
Changes in Net Position

	2021-2022	2020-2021
REVENUES		
Program revenues		
Charges for services	$ 9,059,747	$ 4,496,395
Operating grants and contributions	43,632,721	37,235,658
General revenues		
Property taxes	54,136,249	52,988,328
State aid - unrestricted	123,374,811	120,950,108
Interest earnings and miscellaneous revenue	588,981	965,808
Total revenues	230,792,509	216,636,297
EXPENSES		
Regular instruction	100,000,923	106,570,495
Special education	35,360,235	37,221,632
Career and technical education	7,494,347	7,951,839
District wide services	16,550,651	19,465,445
School food services	8,334,060	7,723,967
Operations and maintenance	22,937,111	19,806,316
Student transportation	5,801,681	5,930,790
Co-curricular activities	10,634,738	7,365,145
Other	4,031,368	8,575,548
Net loss on sale of capital assets	-	45,486
Debt service	3,538,116	3,587,952
Total expenses	214,683,230	224,244,615
Change in net position	16,109,279	(7,608,318)
Total net position, beginning of year, as previously reported	(8,206,907)	(2,442,201)
GASB 84 implementation	-	1,843,612
Total net position, beginning of year, restated	(8,206,907)	(598,589)
Net position (deficit) - ending	$ 7,902,372	$ (8,206,907)

Unrestricted state aid constituted 53%, property taxes 23%, and operating grants and contributions 19% of the total revenues of governmental activities of the District for fiscal year 2022.

Regular instruction comprised 47%, special education 16%, and operations and maintenance 11% of total expenditures for governmental activities for fiscal year 2022.

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 6/30/22		Year Ended 6/30/21	
	Total Cost	Net Cost	Total Cost	Net Cost
Regular instruction	$ 100,000,923	$ 78,826,785	$ 106,570,495	$ 93,849,739
Special education	35,360,235	29,289,765	37,221,632	28,708,745
Career and technical education	7,494,347	4,867,993	7,951,839	5,418,600
District wide services	16,550,651	14,828,510	19,465,445	18,027,359
School food services	8,334,060	(3,758,236)	7,723,967	(1,043,647)
Operations and maintenance	22,937,111	22,909,611	19,806,316	19,714,316
Student transportation	5,801,681	5,801,681	5,930,790	5,930,790
Co-curricular activities	10,634,738	4,454,769	7,365,145	5,272,905
Other	4,031,368	1,231,768	8,575,548	3,000,317
Net loss on sale of capital assets	-	-	45,486	45,486
Debt service	3,538,116	3,538,116	3,587,952	3,587,952
Total expenses	$ 214,683,230	$ 161,990,762	$ 224,244,615	$ 182,512,562

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 $194,408,067 in total revenues and other financing sources and $199,621,736 in expenditures and other financing uses, resulting in a net decrease in fund balance of $5,213,669 for the year ended June 30, 2022. Total governmental funds had revenues and other financing sources in deficiency of expenditures and other financing uses in the amount of $19,794,641 for the year ended June 30, 2022. This was primarily due to spending of prior year bond proceeds in the building fund for on-going construction projects.

General Fund Budgeting Highlights

The District had budgeted for a $6,764,002 net decrease to the general fund's fund balance for the year ended June 30, 2022, and actual amounts resulted in a net decrease to general fund's fund balance of $5,213,669. Actual revenues for year ended June 30, 2022 were $21,002,309 less than the final budget. However, actual expenditures for the year ended June 30, 2022 were under budget by $18,526,234 and other financing sources which were over budget by $4,007,928.

Capital Assets

As of June 30, 2022, the District had $292,160,430 invested in capital assets, net of accumulated depreciation. Table IV shows balances as of June 30, 2022 and 2021:

Table IV
CAPITAL ASSETS
(Net of Accumulated Depreciation)

	6/30/22	6/30/21
CAPITAL ASSETS		
Land	$ 15,812,798	$ 15,812,798
Buildings	229,003,299	234,986,342
Furniture and equipment	1,397,754	1,464,937
Vehicles and equipment	2,522,038	2,269,175
Improvements other than buildings	11,022,595	11,067,953
Construction in progress	32,401,946	6,271,661
Total capital assets (net of depreciation)	$ 292,160,430	$ 271,872,866

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 a result of primarily the construction of two new elementary schools throughout the fiscal year.

Debt Administration

As of June 30, 2022, the District had $145,369,220 in long-term debt. This is a decrease of $10,493,445 compared to the prior year total of $155,862,665. 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 $9,968,278 are due during the 2022-2023 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 2022, the District's taxable valuation was $527,451,771, an increase of 3.2% from 2021. The District's taxable valuation is expected to increase by 9.2% for fiscal year 2023.

District growth is projected at about 200 new students. Two new elementary schools became operational at the beginning of fiscal year 2023. An addition at Legacy High School is under construction and scheduled to be operational in the fall of 2023. The district has grown by over 2,200 students in the last ten years.

The District has eighteen elementary schools for the 6,280 students who were enrolled in grades kindergarten through fifth on the first day of the 2022-23 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 7,393 students.

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, 806 N Washington St., 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, 2022

ASSETS	
Current assets	
Cash and cash equivalents	$ 51,866,674
Cash and cash equivalents - restricted	9,054
Investments	14,000,467
Accounts receivable	514,758
Taxes receivable	1,837,990
Intergovernmental receivable	12,055,481
Due from county treasurer	114,553
Prepaids	951,517
Inventory	217,222
Total current assets	81,567,716
Capital assets	
Non-depreciable	
Land	15,812,798
Construction in process	32,401,946
Depreciable, net of accumulated depreciation	
Buildings	229,003,299
Improvements other than buildings	11,022,595
Furniture and equipment	1,397,754
Vehicles and equipment	2,522,038
Total capital assets, net of depreciation	292,160,430
TOTAL ASSETS	373,728,146
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - OPEB	641,951
Deferred outflow - pension	50,230,683
TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,872,634
LIABILITIES	
Current liabilities	
Accounts, salaries and benefits payable	25,318,549
Incurred but not reported claims	2,247,000
Interest payable	882,834
Unearned revenue	1,006,215
Unearned health insurance premiums	6,267,120
Long-term liabilities due within one year	
Bonds payable	7,361,759
Notes payable	2,225,421
Special assessments payable	182,171
Leases payable	198,927
Compensated absences payable	400,000
Total current liabilities	46,089,996
Long-term liabilities	
Long-term liabilities due after one year	
Net pension liability	137,600,085
Net OPEB liability	1,288,687
Bonds payable	105,346,233
Notes payable	29,222,458
Special assessments payable	787,666
Leases payable	44,585
Compensated absences payable	3,474,265
Total long-term liabilities	277,763,979
TOTAL LIABILITIES	323,853,975
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - OPEB	553,561
Deferred inflow - pension	92,290,872
TOTAL DEFERRED INFLOWS OF RESOURCES	92,844,433
NET POSITION (DEFICIT)	
Net investment in capital assets	153,354,845
Restricted:	
Career and technical education	99,599
Teacher learning center	36,706
Capital projects	122,314
Debt service	4,000,406
Unrestricted	(149,711,498)
TOTAL NET POSITION (DEFICIT)	$ 7,902,372

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Regular instruction	$ 100,000,923	$ 381,852	$ 20,792,286	$ (78,826,785)
Special education	35,360,235	414,918	5,655,552	(29,289,765)
Career and technical education	7,494,347	580,566	2,045,788	(4,867,993)
District wide services	16,550,651	176,976	1,545,165	(14,828,510)
School food services	8,334,060	1,325,466	10,766,830	3,758,236
Operations and maintenance	22,937,111	-	27,500	(22,909,611)
Transportation	5,801,681	-	-	(5,801,681)
Co-curricular activities	10,634,738	6,179,969	-	(4,454,769)
Other	4,031,368	-	2,799,600	(1,231,768)
Interest - unallocated	3,528,976	-	-	(3,528,976)
Bond service charges and costs	9,140	-	-	(9,140)
TOTAL GOVERNMENTAL ACTIVITIES	$ 214,683,230	$ 9,059,747	$ 43,632,721	(161,990,762)

GENERAL REVENUES	
Taxes	
Property taxes, levied for general purposes	37,420,156
Property taxes, levied for building purposes	6,559,236
Property taxes, levied for debt services	10,156,857
Unrestricted state aid	123,374,811
Unrestricted investment earnings	72,199
Miscellaneous revenue	516,782
TOTAL GENERAL REVENUES	178,100,041
Change in net position	16,109,279
Net position (deficit) - beginning of year	(8,206,907)
Net position (deficit) - end of year	$ 7,902,372

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,816,882	$ 14,296,606	$ 12,908,103	$ 37,021,591
Cash and cash equivalents - restricted	-	9,054	-	9,054
Investments	14,000,467	-	-	14,000,467
Accounts receivable	220,317	-	-	220,317
Taxes receivable	1,270,595	221,009	346,386	1,837,990
Intergovernmental receivable	11,377,152	-	678,329	12,055,481
Due from county treasurer	79,188	13,651	21,714	114,553
Prepaids	951,517	-	-	951,517
Inventory	-	-	217,222	217,222
TOTAL ASSETS	$ 37,716,118	$ 14,540,320	$ 14,171,754	$ 66,428,192
LIABILITIES				
Accounts, salaries and benefits payable	$ 19,190,671	$ 4,318,705	$ 391,837	$ 23,901,213
Unearned revenue	676,137	-	330,078	1,006,215
TOTAL LIABILITIES	19,866,808	4,318,705	721,915	24,907,428
DEFERRED INFLOWS OF RESOURCES				
Delinquent taxes	1,270,595	221,009	346,386	1,837,990
FUND BALANCES				
Nonspendable	951,517	-	217,222	1,168,739
Restricted	-	10,000,606	4,390,049	14,390,655
Assigned	-	-	8,496,182	8,496,182
Unassigned	15,627,198	-	-	15,627,198
TOTAL FUND BALANCES	16,578,715	10,000,606	13,103,453	39,682,774
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 37,716,118	$ 14,540,320	$ 14,171,754	$ 66,428,192

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, 2022

Total fund balances - governmental funds		$ 39,682,774
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	390,472,430	
Less accumulated depreciation	(98,312,000)	
Net capital assets		292,160,430
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.		1,837,990
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.		50,230,683
Deferred outflows relating to the OPEB liability in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		641,951
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, 2022 are:		
Net pension liability	(137,600,085)	
Net OPEB liability	(1,288,687)	
Bonds payable	(112,707,992)	
Notes payable	(31,447,879)	
Special assessments payable	(969,837)	
Capital lease payable	(243,512)	
Interest payable	(882,834)	
Compensated absences	(3,874,265)	
Total long-term liabilities		(289,015,091)
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.		(92,290,872)
Deferred inflows relating to the OPEB liability in the government activities are not financial resources and, therefore not reported in the governmental funds.		(553,561)
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.		5,208,068
Total net position of governmental activities		$ 7,902,372

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, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	$ 40,443,081	$ 6,942,015	$ 12,063,799	$ 59,448,895
State sources	125,741,189	200,000	6,477,432	132,418,621
Federal sources	28,214,556	-	10,555,232	38,769,788
TOTAL REVENUES	194,398,826	7,142,015	29,096,463	230,637,304
EXPENDITURES				
Current				
Regular instruction	99,296,928	-	8,634	99,305,562
Special education	35,624,933	-	-	35,624,933
Career and technical education	6,264,152	-	1,299,772	7,563,924
District wide services	16,544,874	-	17,983	16,562,857
School food services	-	-	8,115,455	8,115,455
Operations and maintenance	15,933,562	5,550,765	-	21,484,327
Transportation	5,491,381	-	-	5,491,381
Co-curricular activities	5,480,525	-	4,834,274	10,314,799
Other	3,972,581	-	-	3,972,581
Debt Service				
Principal	1,074,558	2,970,033	6,988,167	11,032,758
Interest	138,385	696,915	2,658,733	3,494,033
Service charges	-	1,195	7,942	9,137
Capital outlay	799,857	26,550,721	118,861	27,469,439
TOTAL EXPENDITURES	190,621,736	35,769,629	24,049,821	250,441,186
Excess of revenues over (under) expenditures	3,777,090	(28,627,614)	5,046,642	(19,803,882)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	9,241	-	-	9,241
Transfers in	-	9,636,111	-	9,636,111
Transfers out	(9,000,000)	-	(636,111)	(9,636,111)
TOTAL OTHER FINANCING SOURCES (USES)	(8,990,759)	9,636,111	(636,111)	9,241
Net change in fund balances	(5,213,669)	(18,991,503)	4,410,531	(19,794,641)
Fund balances - beginning	21,792,384	28,992,109	8,692,922	59,477,415
Fund balances - ending	$ 16,578,715	$ 10,000,606	$ 13,103,453	$ 39,682,774

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, 2022

Net change in fund balances - total governmental funds		$ (19,794,641)
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)	27,469,439	
Current year depreciation/amortization expense	(7,889,482)	
		19,579,957
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 cost of the asset sold.		(28,467)
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.		11,032,758
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 decrease in compensated absences	95,305	
Net increase in interest payable	(231,704)	
Net decrease in net pension liability	105,434,103	
Net decrease in net OPEB liability	770,857	
		106,068,561
Changes in deferred inflows and outflows relating to net pension liability		(100,601,052)
Changes in deferred inflows and outflows relating to net OPEB liability		(652,668)
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.		155,203
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.		152,868
Change in net position of governmental activities		$ 16,109,279

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2022

	Internal Service Fund Self-Funded Health Insurance
ASSETS	
Current assets	
Cash and cash equivalents	$ 14,845,083
Accounts receivable	294,441
Total current assets	15,139,524
LIABILITIES	
Current liabilities	
Accounts payable	1,417,336
Incurred but not reported claims	2,247,000
Unearned health insurance premiums	6,267,120
Total current liabilities	9,931,456
NET POSITION	
Unrestricted	$ 5,208,068

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, 2022

	Internal Service Fund Self-Funded Health Insurance
Operating revenues	
Contributions to self-insurance district	$ 27,790,783
Contributions to self-insurance cobra	227,764
Rebates	1,145,263
Total operating revenues	29,163,810
Operating expenses	
Health insurance claims	29,010,942
Change in net position	152,868
Total net position - beginning of year	5,055,200
Total net position - end of year	$ 5,208,068

See Notes to the Financial Statements

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Internal Service Fund Self-Funded Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from district - current premiums	$ 27,790,783
Received from COBRA premiums	227,764
Rebates received	1,145,263
Payments for health insurance claims	(28,021,258)
Net cash provided (used) by operating activities	1,142,552
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,142,552
CASH AND CASH EQUIVALENTS - BEGINNING	13,702,531
CASH AND CASH EQUIVALENTS - ENDING	$ 14,845,083
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 152,868
Effect on cash flows due to changes in assets and liabilities:	
Accounts receivable	264,759
Accounts payable	444,255
Incurred but not reported claims	76,000
Unearned health insurance premiums	204,670
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,142,552

See Notes to the Financial Statements

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 sixteen 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.

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:

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

<u>Measurement Focus</u>

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.

<u>Basis of Accounting</u>

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.

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.

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 statements of net position. Compensation for unused vacation leave will be granted to all full-time administrators, professional non-certified staff, and hourly support staff upon termination with the District. Twelve month, full-time employees may carry forward unused vacation not to exceed 20 days. Eleven month administrators may carry up to 19 days of vacation leave forward. Teachers and non-certified staff working less than 12 months will be able to carry forward five personal days.

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.

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 10, 11, and 12 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 10, 11, and 12 for further details.

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.

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 9, 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, 2022, 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 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.

Implementation of New Accounting Principles

The District implemented GASB Statement No. 87, *Leases*, during the year ended June 30, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principal that leases are financings of the right to use an underlying asset.

The adoption of GASB 87 resulted in the recognition of a right to use leased asset and lease liability of $458,577 as of July 1, 2021. Results for periods prior to June 30, 2021 continue to be reported in accordance with the District's historical accounting treatment. See note 7 for expanded disclosures regarding the District's leases.

The District also implemented GASB Statement No. 101, *Compensated Absences*, during the year ended June 30, 2022. GASB Statement No. 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

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.

Custodial Credit Risk

At year end June 30, 2022, the District's carrying amount of cash and cash equivalents was as follows:

Governmental funds	$ 37,030,645
Internal service fund	14,845,083
Total cash and cash equivalents	$ 51,875,728

The bank balance of these deposits that was subject to custodial credit risk as of June 30, 2022 was $6,095,439. 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 AND LEASE ASSETS

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 15,812,798	$ -	$ -	$ 15,812,798
Construction in progress	6,271,661	26,208,326	(78,041)	32,401,946
Total capital assets, not depreciated	22,084,459	26,208,326	(78,041)	48,214,744
Capital assets, being depreciated				
Buildings	314,285,305	-	-	314,285,305
Improvements other than buildings	17,711,093	830,879	(5,250)	18,536,722
Furniture and equipment	3,800,561	278,001	(138,143)	3,940,419
Vehicles and equipment	4,971,367	648,508	(124,635)	5,495,240
Total capital assets, being depreciated	340,768,326	1,757,388	(268,028)	342,257,686
Less accumulated depreciation for				
Buildings	78,981,123	6,300,883	-	85,282,006
Improvements other than buildings	6,643,140	873,470	(2,483)	7,514,127
Furniture and equipment	2,335,624	345,184	(138,143)	2,542,665
Vehicles and equipment	2,702,192	369,945	(98,935)	2,973,202
Total accumulated depreciation	90,662,079	7,889,482	(239,561)	98,312,000
Total capital assets being depreciated, net	250,106,247	(6,132,094)	(28,467)	243,945,686
Governmental activities capital assets, net	$ 272,190,706	$ 20,076,232	$ (106,508)	$ 292,160,430

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

Governmental activities:	
Regular instruction	$ 5,462,017
Special education	7,764
Career and technical education	317,600
District wide services	222,435
School food services	55,113
Operations and maintenance	948,782
Transportation	216,780
Co-cirricular activities	558,743
Other	100,248
Total depreciation expense - governmental activities	$ 7,889,482

As of June 30, 2022, equipment capitalized under leases and the accumulated amortization is as follows:

Lease asset	$ 574,036
Less: accumulated depreciation	337,312
	$ 236,724

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, 2022 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, 2022:

General Fund:	
Accounts payable	$ 1,705,479
Salaries payable	12,673,188
Benefits payable	4,812,004
	19,190,671
Building Fund:	
Accounts payable	4,318,705
School Food Services Fund:	
Accounts payable	122,498
Salaries payable	39,270
Benefits payable	5,728
	167,496
Student Activity Fund:	
Accounts payable	79,639
Salaries payable	24,183
Benefits payable	19,263
	123,085
CRACTC:	
Accounts payable	6,641
Salaries payable	59,614
Benefits payable	27,406
	93,661
TLC/CREA	
Accounts payable	7,595
Self-Funded Health Insurance Fund	
Accounts payable	1,417,336
Total accounts, salaries and benefits payable	$ 25,318,549

NOTE 6 LONG-TERM DEBT

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in liabilities reported in long-term liabilities:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Compensated absences *	$ 3,969,570	$ -	$ (95,305)	$ 3,874,265	$ 400,000
General obligation bonds payable	119,984,752	-	(7,276,760)	112,707,992	7,361,759
Notes payable	33,784,587	-	(2,336,708)	31,447,879	2,225,421
Special assessments payable	1,952,588	418,234	(1,400,985)	969,837	182,171
Leases payable	458,577	-	(215,065)	243,512	198,927
	$ 160,150,074	$ 418,234	$ (11,324,823)	$ 149,243,485	$ 10,368,278

* 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 capital leases are as follows:

General Obligation Bonds	Outstanding 6/30/2022
$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.	$ 5,730,000
$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 $1,673,884.	27,608,884
$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 $611,081.	8,861,081

$46,050,000 General Obligation School Building Refunding Bonds of 2020, due in annual installments of $3,340,000 to $3,905,000 through through May 1, 2033, interest at 0.65% to 2.15%. Payments are to be made from the Debt Service Fund.	$ 39,310,000
$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 $839,740.	30,549,740
$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 $13,287.	648,287
Total General Obligation Bonds Payable	$ 112,707,992

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.	$ 3,957,671
$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.	9,831,385
$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.	4,494,552
$10,000,000 School Construction Loan dated September 19, 2018. Annual 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.	8,651,064
$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.	4,513,207
Total Notes Payable	$ 31,447,879

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 2030 with interest at 2.17% to 4.14%. Payments are to be made from the Building Fund.	$ 969,837

Leases

$63,837 lease starting September 2017 for the purchase of a copy machine. Due in monthly principal and interest installments of $1,663 at 19.21% until August 2022. Payments are to be made from the General Fund.	$	3,251
$20,460 lease starting September 2017 for the purchase of a copy machine. Due in monthly principal and interest installments of $417 at 8.25% until October 2022. Payments are to be made from the General Fund.		831
$181,876 lease starting July 2021 for the use of athletic aquatic space. Due in semi-annual monthly principal and interest installments of $46,150 at 2.00% until January 2023. Payments are to be made from the General Fund.		90,933
$135,964 lease starting July 2021 for the use of athletic ice space. Due in semi-annual monthly principal and interest installments of $34,500 at 2.00% until January 2023. Payments are to be made from the General Fund.		67,979
$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.		80,518
Total Leases Payable	$	243,512

Debt Service Requirements

Annual requirements on long term debt at June 30, 2022 are as follows:

	General Obligation Bonds		Notes Payable	
Year Ending June 30	Principal	Interest	Principal	Interest
2023	$ 7,361,759	$ 2,382,504	$ 2,225,421	$ 694,612
2024	7,461,759	2,201,370	2,300,684	642,936
2025	7,546,759	2,009,845	2,376,314	591,777
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 - 2032	41,268,795	5,434,385	10,719,233	1,636,054
2033 - 2037	26,499,987	1,442,677	7,660,823	535,410
2038 - 2042	7,150,415	49,028	1,175,382	35,380
Totals	$ 112,707,992	$ 16,932,871	$ 31,447,879	$ 5,159,449

	Special Assessments		Leases	
Year Ending June 30	Principal	Interest	Principal	Interest
2023	$ 182,171	$ 29,469	$ 198,927	$ 6,127
2024	182,171	22,410	38,036	1,558
2025	177,511	16,846	6,549	50
2026	130,722	11,382	-	-
2027	109,630	7,710	-	-
2028 - 2032	187,632	7,591	-	-
Totals	$ 969,837	$ 95,408	$ 243,512	$ 7,735

	Total Long-Term Debt	
Year Ending June 30	Principal	Interest
2023	$ 9,968,278	$ 3,112,712
2024	9,982,650	2,868,274
2025	10,107,133	2,618,518
2026	10,237,028	2,361,627
2027	10,411,864	2,093,807
2028 - 2032	52,175,660	7,078,030
2033 - 2037	34,160,810	1,978,087
2038 - 2042	8,325,797	84,408
Totals	$ 145,369,220	$ 22,195,463

NOTE 7 LEASES

The District leases three copy machines and two athletic spaces, one for ice activities and one for aquatic activities. The term of the leases range from 18-60 months, commencing on July 1, 2021 and terminating at various dates until August 1, 2024 with annual rent payments ranging from $5,007-$46,150.

The following is the total lease expense for the year ended June 30, 2022:

Amortization expense	209,724
Interest on lease liabilities	10,796
Total	$ 220,520

NOTE 8 FUND BALANCES

At June 30, 2022, a summary of the governmental fund balance classifications are as follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Building Fund	Total
Non-spendable:					
Prepaids	$ 951,517	$ -	$ -	$ -	$ 951,517
Inventories	-	217,222	-	-	217,222
Restricted:					
Building Fund	-	-	-	10,000,606	10,000,606
Debt Service	-	-	4,253,744	-	4,253,744
Career and Technical Education	-	99,599	-	-	99,599
Teacher Learning Center	-	36,706	-	-	36,706
Assigned:					
Food Service	-	5,571,545	-	-	5,571,545
Activities	-	2,924,637	-	-	2,924,637
Unassigned:					
General Fund	15,627,198	-	-	-	15,627,198
	$ 16,578,715	$ 8,849,709	$ 4,253,744	$ 10,000,606	$ 39,682,774

NOTE 9 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.

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 $2,247,000 as of June 30, 2022. 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, 2021	$ 2,171,000
Incurred claims including incurred but not reported	29,010,942
Less: claims paid	(28,934,942)
Balance, June 30, 2022	$ 2,247,000

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

NOTE 10 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.

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

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

At June 30, 2022, the District reported a liability of $110,389,891 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, the Employer's proportion was 10.47685043 percent, which was an increase of 0.01258981 percent from its proportion measured at June 30, 2020.

For the year ended June 30, 2022, the Employer recognized pension expense of $3,492,042. At June 30, 2022, 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	$ 766,961	$ 4,655,434
Changes of assumptions	3,877,410	-
Net difference between projected and actual earnings on pension plan investments	-	32,345,832
Changes in proportion and differences between employer contributions and proportionate share of contributions	633,992	2,746,232
Employer contributions subsequent to the measurement date	10,769,278	-
	$ 16,047,641	$ 39,747,498

$10,769,278 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, 2023.

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

Year ended June 30:	
2023	$ (8,381,957)
2024	(7,416,094)
2025	(8,733,455)
2026	(10,562,596)
2027	361,006
Thereafter	263,961

Actuarial Assumptions

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

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses, including inflation
Cost-of-living adjustments	None

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

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2021, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	6.90%
Global Fixed Income	26%	1.30%
Global Real Assets	18%	4.80%
Cash Equivalents	1%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2021, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, 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, 2021. 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, 2021.

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, 2021, 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	$ 165,754,523	$ 110,389,891	$ 64,415,184

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/annualreport2021.pdf.

NOTE 11 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 nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies 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.

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.

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, 2022, the Employer reported a liability of $27,210,194 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, the Employer's proportion was 2.610590 percent, which was a decrease of 0.0237959 percent from its proportion measured at June 30, 2020.

For the year ended June 30, 2022, the Employer recognized pension expense of $14,762,566. At June 30, 2022, 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	$ 469,776	$ 2,777,173
Changes of assumptions	30,116,401	39,265,492
Net difference between projected and actual earnings on pension plan investments	-	10,091,831
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,216,436	408,878
Employer contributions subsequent to the measurement date	2,380,429	-
	$ 34,183,042	$ 52,543,374

$2,380,429 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, 2023.

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

Year ended June 30:	
2023	$ (2,716,750)
2024	(4,442,012)
2025	(3,700,436)
2026	(9,881,563)

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
Global Real Assets	19%	4.77%

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 1.92%, and the resulting Single Discount Rate is 7.00%.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	$ 43,273,353	$ 27,210,194	$ 13,835,089

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director - NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

NOTE 12 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 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, 2022, the Employer reported a liability of $1,288,687 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2021, the Employer's proportion was 2.317061 percent, which was a decrease of 0.131287 from its proportion measured at June 30, 2020.

For the year ended June 30, 2022, the Employer recognized OPEB expense of $173,155. At June 30, 2022, 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	$ 74,008	$ 35,323
Changes of assumptions	199,567	-
Net difference between projected and actual earnings on pension plan investments	-	441,535
Changes in proportion and differences between employer contributions and proportionate share of contributions	74,350	76,703
Employer contributions subsequent to the measurement date	294,026	-
	$ 641,951	$ 553,561

$294,026 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, 2023.

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:	
2023	$ (29,616)
2024	(32,795)
2025	(52,377)
2026	(92,835)
2027	1,987

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
International Equities	26%	6.25%
Core-Plus Fixed Income	35%	0.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net OPEB liability	$ 1,911,288	$ 1,288,687	$ 761,873

NOTE 13 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, 2022.

NOTE 14 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, 2022 was $633,776.

NOTE 15 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, 2022	Amounts Expensed Prior to June 30, 2022	Remaining Construction Commitments at June 30, 2022
Elk Ridge Elementary	$ 17,608,151	$ 13,817,021	$ 3,791,130
Silver Ranch Elementary	18,729,219	15,644,204	3,085,015
Legacy High School	12,410,799	737,415	11,673,384
Energy Savings Project	4,865,138	4,367,800	497,338
CHS Parking Lot	1,151,083	-	1,151,083
	$ 54,764,390	$ 34,566,440	$ 20,197,949

In addition to construction contracts, the District entered into other commitments before year end. The District agreed to commit $3.5 million to Bismarck Parks in order to fund the construction of a new hockey rink and $2.5 million for the purchase of a future administrative building. No amounts have been paid to Bismarck Parks as of June 30, 2022 and $50,000 has been paid on the administrative building commitment.

NOTE 16 TRANSFERS

Transfers for the year ended June 30, 2022 were as follows:

Fund	Transfer In	Transfer Out
General fund	$ -	$ 9,000,000
Building fund	9,636,111	-
Food service fund	-	636,111
Total transfers	$ 9,636,111	$ 9,636,111

Transfers to the building fund were to fund capital projects in the current year.

NOTE 17 FUTURE PRONOUNCEMENTS

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information* Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (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. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 99, *Omnibus 2022,* provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62,* provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 18 SUBSEQUENT EVENTS

No subsequent events occurred subsequent to the District's year end. Subsequent events have been evaluated through November 27, 2022, 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, 2022

	Original Budget	Final Budget	Actual	Variance With Budget
REVENUES				
Local sources	$ 42,085,699	$ 42,085,699	$ 40,443,081	$ (1,642,618)
State sources	124,989,194	126,399,799	125,741,189	(658,610)
Federal sources	47,143,258	46,915,637	28,214,556	(18,701,081)
TOTAL REVENUES	214,218,151	215,401,135	194,398,826	(21,002,309)
EXPENDITURES				
Current				
Regular instruction	99,348,380	99,572,976	99,296,928	(276,048)
Special education	36,693,367	36,516,320	35,624,933	(891,387)
Career and technical education	5,909,698	5,911,731	6,264,152	352,421
District wide services	46,424,401	34,638,384	16,544,874	(18,093,510)
Operations and maintenance	16,175,767	16,201,603	15,933,562	(268,041)
Transportation	5,017,126	5,104,219	5,491,381	387,162
Co-curricular activities	5,982,746	5,915,631	5,480,525	(435,106)
Other	4,443,585	4,300,023	3,972,581	(327,442)
Debt Service:				
Principal	858,050	858,050	1,074,558	216,508
Interest	129,033	129,033	138,385	9,352
Capital outlay	-	-	799,857	799,857
TOTAL EXPENDITURES	220,982,153	209,147,970	190,621,736	(18,526,234)
Excess (deficiency) of revenues over expenditures	(6,764,002)	6,253,165	3,777,090	(2,476,075)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	-	-	9,241	9,241
Transfers out	-	(13,017,169)	(9,000,000)	(4,017,169)
TOTAL OTHER FINANCING SOURCES (USES)	-	(13,017,169)	(8,990,759)	(4,007,928)
Net change in fund balances	$ (6,764,002)	$ (6,764,004)	(5,213,669)	$ (6,484,003)
Fund balances - beginning			21,792,384	
Fund balances - ending			$ 16,578,715	

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
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
2022	2.610590%	$ 27,210,194	$ 30,090,157	90.43%	78.26%
2021	2.634385%	82,878,316	29,060,447	285.19%	48.91%
2020	2.541659%	29,790,083	27,389,579	108.76%	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%

* Complete data for these schedules is not available prior to 2015.

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
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	27,389,912	6.95%	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
2022	$ 10,769,278	$ (10,769,278)	$ -	$ 84,464,925	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
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%

* Complete data for these schedules is not available prior to 2015.

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
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

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.

- 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

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

Changes of assumptions

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

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, 2020.

Changes of assumptions

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

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds					
	Food Service	Activities	CRACTC	TLC/CREA	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 5,861,187	$ 2,756,033	$ 29,997	$ 28,856	$ 4,232,030	$ 12,908,103
Taxes receivable	-	-	-	-	346,386	346,386
Intergovernmental receivable	207,932	291,689	163,263	15,445	-	678,329
Due from county treasurer	-	-	-	-	21,714	21,714
Inventory	217,222	-	-	-	-	217,222
TOTAL ASSETS	$ 6,286,341	$ 3,047,722	$ 193,260	$ 44,301	$ 4,600,130	$ 14,171,754
LIABILITIES						
Accounts, salaries and benefits payable	$ 167,496	$ 123,085	$ 93,661	$ 7,595	$ -	$ 391,837
Unearned revenue	330,078	-	-	-	-	330,078
TOTAL LIABILITIES	497,574	123,085	93,661	7,595	-	721,915
DEFERRED INFLOWS OF RESOURCES						
Delinquent taxes	-	-	-	-	346,386	346,386
FUND BALANCES						
Nonspendable	217,222	-	-	-	-	217,222
Restricted	-	-	99,599	36,706	4,253,744	4,390,049
Assigned	5,571,545	2,924,637	-	-	-	8,496,182
TOTAL FUND BALANCES	5,788,767	2,924,637	99,599	36,706	4,253,744	13,103,453
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,286,341	$ 3,047,722	$ 193,260	$ 44,301	$ 4,600,130	$ 14,171,754

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2022

	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	$ 600,838	$ 576,536	$ 811,948	$ 274,416	$ 287,443	$ 111,261	$ 1,563,490	$ 6,098	$ 4,232,030
Taxes receivable	21,874	34,274	87,910	11,924	21,874	22,907	143,964	1,659	346,386
Due from county treasurer	1,370	2,147	5,522	732	1,370	1,435	9,049	89	21,714
TOTAL ASSETS	$ 624,082	$ 612,957	$ 905,380	$ 287,072	$ 310,687	$ 135,603	$ 1,716,503	$ 7,846	$ 4,600,130
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	$ 21,874	$ 34,274	$ 87,910	$ 11,924	$ 21,874	$ 22,907	$ 143,964	$ 1,659	$ 346,386
Total liabilities	21,874	34,274	87,910	11,924	21,874	22,907	143,964	1,659	346,386
FUND BALANCES									
Restricted for debt service	602,208	578,683	817,470	275,148	288,813	112,696	1,572,539	6,187	4,253,744
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 624,082	$ 612,957	$ 905,380	$ 287,072	$ 310,687	$ 135,603	$ 1,716,503	$ 7,846	$ 4,600,130

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, 2022

	Special Revenue Funds					
	Food Service	Activities	CRACTC	TLC/CREA	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES						
Local sources	$ 1,325,466	$ -	$ 580,566	$ 19,160	$ 10,138,607	$ 12,063,799
State sources	39,119	5,761,250	677,063	-	-	6,477,432
Federal sources	10,497,715	7,000	32,534	17,983	-	10,555,232
TOTAL REVENUES	11,862,300	5,768,250	1,290,163	37,143	10,138,607	29,096,463
EXPENDITURES						
Current						
Regular instruction	-	-	-	8,634	-	8,634
Career and technical education	-	-	1,299,772	-	-	1,299,772
District wide services	-	-	-	17,983	-	17,983
School food services	8,115,455	-	-	-	-	8,115,455
Co-curricular activities	-	4,834,274	-	-	-	4,834,274
Debt Service				-		
Principal	-	-	-	-	6,988,167	6,988,167
Interest	-	-	-	-	2,658,733	2,658,733
Service charges	-	-	-	-	7,942	7,942
Capital Outlay	74,061	-	44,800	-	-	118,861
TOTAL EXPENDITURES	8,189,516	4,834,274	1,344,572	26,617	9,654,842	24,049,821
Excess (deficiency) of revenues over expenditures	3,672,784	933,976	(54,409)	10,526	483,765	5,046,642
OTHER FINANCING SOURCES (USES)						
Transfers out	(636,111)	-	-	-	-	(636,111)
Net change in fund balances	3,036,673	933,976	(54,409)	10,526	483,765	4,410,531
Fund balances - beginning	2,752,094	1,990,661	154,008	26,180	3,769,979	8,692,922
Fund balances - ending	$ 5,788,767	$ 2,924,637	$ 99,599	$ 36,706	$ 4,253,744	$ 13,103,453

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, 2022

	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	$ 640,272	$ 1,003,255	$ 2,567,843	$ 352,053	$ 639,538	$ 669,742	$ 4,212,082	$ 53,822	$ 10,138,607
EXPENDITURES									
Debt Service									
Principal	500,000	705,622	1,380,000	256,155	426,390	345,000	3,340,000	35,000	6,988,167
Interest	113,938	249,329	1,060,806	93,694	179,028	289,700	656,850	15,388	2,658,733
Service charges	1,255	63	1,258	63	62	1,257	2,727	1,257	7,942
Total expenditures	615,193	955,014	2,442,064	349,912	605,480	635,957	3,999,577	51,645	9,654,842
EXCESS OF REVENUES OVER EXPENDITURES	25,079	48,241	125,779	2,141	34,058	33,785	212,505	2,177	483,765
NET CHANGE IN FUND BALANCES	25,079	48,241	125,779	2,141	34,058	33,785	212,505	2,177	483,765
FUND BALANCE - BEGINNING	577,129	530,442	691,691	273,007	254,755	78,911	1,360,034	4,010	3,769,979
FUND BALANCE - ENDING	$ 602,208	$ 578,683	$ 817,470	$ 275,148	$ 288,813	$ 112,696	$ 1,572,539	$ 6,187	$ 4,253,744

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subreceipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through North Dakota Department of Public Instruction:				
School Breakfast Program	10.553	F10553		$ 1,923,387
National School Lunch Program	10.555	F10555		7,810,814
National School Lunch Program - commodities	10.555	N/A		614,025
Summer Food Service Program	10.559	F10559		107,950
Summer Food Service Program - commodities	10.559	N/A		19,750
Fresh Fruit and Vegetable Program	10.582	F10582		110,418
Child Nutrition Cluster				10,586,344
Child and Adult Care Food Program	10.558	F10558		107,227
Administrative Expenses for Child Nutrition	10.560	F10560		31,076
P-EBT Administrative Costs	10.649	F10649		3,063
Total U.S. Department of Agriculture				10,727,710
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through City of Bismarck:				
Community Development Block Grant	14.218	B-20-MW-38-0003		14,786
CDBG - Entitlement Grants Cluster				14,786
U.S. DEPARTMENT OF INTERIOR				
Passed through Standing Rock Sioux Tribe:				
Indian Education - Assistance to Schools	15.130	N/A		52,720
U.S. DEPARTMENT OF JUSTICE				
Juveneille Justice Stage Advisory Group	16.540			72,687
ENIVORNMENTAL PROTECTION AGENCY				
Passed through North Dakota Department of Environmental Quality				
Diesel Emissions Reducation Act Grants	66.040	G19.059		27,500
U.S. DEPARTMENT OF EDUCATION				
Indian Education - Grants to Local Education Associations	84.060			284,486
Passed through the State Board of Career and Technical Eduation:				
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	2038		234,489
Passed through Office of Management & Budget:				
Education Stabilization Fund	84.425	S425C200044		15,068
Passed through North Dakota Department of Public Instruction:				
Adult Education	84.002	F84002A		58,938
Title I - Grants to LEAs	84.010	F84010		3,178,372
IDEA, Part B Special Education	84.027	F84027A		3,399,792
IDEA, Part B Special Education - Preschool	84.173	F84173A		68,309
Special Education Cluster (IDEA)				3,468,101
Education for Homeless Children and Youth	84.196	F84196A		38,370
English Language Acquisition Grants	84.365	F84365A	$ 17,983	48,122
Improving Teacher Quality State Grants	84.367	F84367		668,877
Grants for State Assessments	84.369	F84369A		20,000
Comprehensive Literacy Development	84.371	F84371C / F84371C2		1,656,032
Title IV - Student Support and Academic Enrichment	84.424	F84424A		356,490
Education Stabilization Fund	84.425	F84425D / F84425U / F84425W		15,827,063
Total U.S. Department of Education				25,854,408
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start Cluster:				
Head Start	93.600			1,992,987
Passed through Luthern Social Services of ND:				
Refugee and Entrant Assistance Programs	93.566	2021-RSS 3		7,000
Passed through North Dakota Department of Human Services:				
Refugee and Entrant Assistance Programs	93.566	2102NDRSSS		19,990
Total AL 93.566				26,990
Total U.S. Department of Health and Human Services				2,019,977
Total expenditures of federal awards				$ 38,769,788

See Notes to the Schedule of Expenditures of Federal Awards

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 Award*, 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, 2022. 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 $10,555,232 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 $28,214,556, equals total federal revenue and expenditures of $38,769,788.

BradyMartz

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, 2022, 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 November 27, 2022.

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

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

November 27, 2022

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 described 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, 2022. 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 finding 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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

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

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

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

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

Brady Martz

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

November 27, 2022

BISMARCK PUBLIC SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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?	____	yes	x	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
84.027 & 84.173	Special Education Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$1,163,094			
Auditee qualified as a low-risk auditee?	____	yes	x	no

Section II – Financial Statement Findings

There were no findings to be reported in this section.

Section III – Federal Award Findings and Questioned Costs

There were no findings to be reported in this section.

2021-001: Special Test – Significant Deficiency

Criteria
As part of the compliance testing of Title I regulations, the graduation rate data is reviewed to ensure the correct information is used to compute the adjusted cohort graduation rate. Procedures should be in place to correctly account for the removal or modification of a particular student to accurately reflect their status that is used to determine the graduation rate.

Condition
In our testing we reviewed the exit codes in the system to ensure they were correct at each school tested. We reviewed to see if a particular student code entered into PowerSchool agreed to what the student's status should be. We noted an exception at one high school on one of the three students tested that would affect the graduation rate and potentially the amount of federal funds received.

The exit code was marked as transferred, but should have not been on the report due to graduating in a prior year. The codes were reviewed by a second party who caught the error, but the error was not changed in every system.

Cause
The correct information was not entered into PowerSchool. The second review of the student data discovered the error but no correction was made.

Effect
Graduation rate calculation is not calculated correctly because of incomplete and/or inaccurate information reported by the District.

Questioned Costs
None

Recommendation
Proper training should be provided to individuals responsible for entering student exit codes and a proper review process should be implemented. The District and ND DPI need to discuss when the enrollment report is being pulled and utilized for the graduation rate to ensure internal deadlines are met so complete and accurate information is reported to ND DPI.

Views of Responsible Officials and Planned Corrective Actions
Bismarck Public Schools will implement an additional internal control step to ensure that any updates to the graduation report data are reflected in both PowerSchool and STARS after information stops automatically flowing into STARS from PowerSchool.

Current Year Status
This finding was corrected in the current year.