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GOVERNANCE COMMUNICATION

March 27, 2024

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bismarck Public School District No. 1, North Dakota, for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 12, 2023. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bismarck Public School District No. 1 are described in Note 2 to the financial statements. The most significant changes in accounting policies related to the provisions of Government Accounting Standards Board (GASB) GASB 96 Subscription-Based Information Technology Arrangements, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA).

We noted no transactions entered into by Bismarck Public School District No. 1 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules list all misstatements provided by management or detected as a result of audit procedures that were corrected by management.

	<u>Audit Adjustments</u>	
	<u>Debit</u>	<u>Credit</u>
Building Fund		
<u>To Reclass Expenditures</u>		
Expenditures - Capital Outlay	\$ 737,416	\$ -
Expenditures - Operations and Maintenance	-	737,416
Non Major Fund		
<u>To Reclass Revenues</u>		
Revenue - Federal Sources	\$ 5,939,491	\$ -
Revenue - Local Sources	-	3,191,820
Revenue - State Sources	-	2,747,671
Government Wide		
<u>To Adjust Construction in Progress</u>		
Construction in Progress	\$ 737,416	\$ -
Expenditures - Operations and Maintenance	-	737,416

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Bismarck Public School District No. 1's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the *management’s discussion and analysis, budgetary comparison information, schedule of employer’s share of net pension liability and employer contributions, schedule of employer’s share of net OPEB liability and employer contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *combining balance sheet – total non-major governmental funds, combining balance sheet – non-major debt service funds, the combining statement of revenues, expenditures, and changes in fund balances – total non-major governmental funds, the combining statement of revenues, expenditures, and changes in fund balances – non-major debt service funds, the schedule of expenditures of federal awards, and the notes to the schedule of expenditures of federal awards* which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Bismarck Public School District No. 1 board members and management of Bismarck Public School District No. 1, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Bismarck Public School District No. 1 for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Bismarck Public School District No. 1.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 27, 2024