

BOWMAN PARKS AND RECREATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

WITH INDEPENDENT AUDITOR'S REPORT

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BOWMAN PARKS AND RECREATION

**PARK OFFICIALS
DECEMBER 31, 2019**

BOARD OF DIRECTORS

PRESIDENT – CHRIS JOHNSON

VICE PRESIDENT – BOB WOKAL

SECRETARY – ABBY BRAATEN

DARWN WILKE

SHAWN ALLERDINGS

Independent Auditor's Report

Park Council
Bowman Parks and Recreation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bowman Parks and Recreation, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Bowman Parks and Recreation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bowman Parks and Recreation, as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements:

- Current year restatements were necessary to record net pension and net OPEB liabilities and to restate to correct beginning fund balances. Accordingly, adjustments have been made to the net position.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the employer's proportionate share of net OPEB liability and employer contributions, schedule of the employer's proportionate share of net pension liability and employer contributions, statement of revenues, expenditures, and changes in fund balances – comparison of budget to actual general fund, statement of revenues, expenditures, and changes in fund balances – comparison of budget to actual parks and recreation fund, statement of revenues, expenditures, and changes in fund balances – comparison of budget to actual - 1% sales tax fund, and notes to the required supplementary information on 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bowman Parks and Recreation's financial statements. The park officials listing is presented for purposes of additional analysis and is not a required part of the financial statements.

The park officials listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of Bowman Parks and Recreation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bowman Parks and Recreation's internal control over financial reporting and compliance.

Bismarck, North Dakota
September 22, 2023

BOWMAN PARKS AND RECREATION

STATEMENT OF NET POSITION DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 234,907
Receivables	155,014
Due from other governmental agencies	<u>58,348</u>
Total assets	<u>448,269</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB	3,546
Pension	<u>74,403</u>
Total deferred outflows of resources	<u>77,949</u>
LIABILITIES	
Accounts payable and accrued expenses	12,209
Deferred revenues	3,554
Long-term liabilities	
Due in more than one year	
Net pension liability	102,978
Net OPEB liability	<u>6,578</u>
Total liabilities	<u>125,319</u>
DEFERRED INFLOWS OF RESOURCES	
Compensated absences	11,050
OPEB	2,336
Pension	<u>88,860</u>
Total deferred inflows of resources	<u>102,246</u>
NET POSITION	
Unrestricted	<u>298,653</u>
Total net position	<u><u>\$ 298,653</u></u>

See Notes to the Financial Statements

BOWMAN PARKS AND RECREATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenue	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Governmental Activities
Primary government			
General government	\$ -	\$ -	\$ -
Culture and recreation	<u>496,438</u>	<u>175,198</u>	<u>(321,240)</u>
Total governmental activities	<u>496,438</u>	<u>175,198</u>	<u>(321,240)</u>

General revenue	
Taxes	
Property taxes, levied for general purposes	361,516
State/Local shared revenue	122,574
Unrestricted investment earnings	1,555
Miscellaneous	<u>2,854</u>
Total general revenue	<u>488,499</u>
Change in net position	167,259
Net position, beginning of year, as originally stated	193,524
Restatement	<u>(62,130)</u>
Net position, beginning of year, as restated	<u>131,394</u>
Net position, end of year	<u>\$ 298,653</u>

See Notes to the Financial Statements

BOWMAN PARKS AND RECREATION
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Parks & Recreation</u>	<u>1% Sales Tax</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 134,124	\$ 86,617	\$ 14,165	\$ 234,906
Taxes receivable, net	2,475	376	151,516	154,367
Due from other funds	49,397	8,951	-	58,348
Other receivables	647	-	-	647
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	186,643	95,944	165,681	448,268
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES, DEFERRED				
INFLOWS OF RESOURCES,				
AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	12,210	-	-	12,210
Deferred revenues	3,074	480	-	3,554
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	15,284	480	-	15,764
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES				
Assigned	-	95,464	-	95,464
Unassigned	171,359	-	165,681	337,040
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	171,359	95,464	165,681	432,504
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 186,643</u>	<u>\$ 95,944</u>	<u>\$ 165,681</u>	<u>\$ 448,268</u>

See Notes to the Financial Statements

BOWMAN PARKS AND RECREATION
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total fund balance, governmental funds	\$ 432,504
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the governmental funds	(117,433)
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Net OPEB liability and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the governmental funds	(5,368)
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Noncurrent liabilities applicable to the Park's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and concurrent, are reported in the Statement of Net Position. Balances at December 31, 2019 are:

Compensated absences	<u>(11,050)</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 298,653</u></u>
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See Notes to the Financial Statements

BOWMAN PARKS AND RECREATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Parks & Recreation</u>	<u>1% Sales Tax</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes/assessments	\$ 137,343	\$ -	\$ -	\$ 137,343
Sales and miscellaneous taxes	-	-	224,173	224,173
Intergovernmental	98,022	24,552	-	122,574
Charges for services	175,198	-	-	175,198
Investment earnings	1,555	-	-	1,555
Miscellaneous	2,854	-	-	2,854
	<u>414,972</u>	<u>24,552</u>	<u>224,173</u>	<u>663,697</u>
Total revenues				
Expenses				
Current				
Culture and recreation	294,659	24,709	151,323	470,691
Capital outlay	-	-	-	-
	<u>294,659</u>	<u>24,709</u>	<u>151,323</u>	<u>470,691</u>
Total operating expenses				
Operating income (loss)	<u>120,313</u>	<u>(157)</u>	<u>72,850</u>	<u>193,006</u>
Change in net position	<u>120,313</u>	<u>(157)</u>	<u>72,850</u>	<u>193,006</u>
Total net position, beginning of year, as originally stated	147,980	91,518	-	239,498
Restatement	<u>(96,934)</u>	<u>4,103</u>	<u>92,831</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>51,046</u>	<u>95,621</u>	<u>92,831</u>	<u>239,498</u>
Total net position, end of year	<u>\$ 171,359</u>	<u>\$ 95,464</u>	<u>\$ 165,681</u>	<u>\$ 432,504</u>

See Notes to the Financial Statements

BOWMAN PARKS AND RECREATION
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds:	\$ 193,006
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Changes to net pension liability and pension related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(26,443)
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Changes to net OPEB liabilities and OPEB related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>696</u>
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Change in net assets of governmental activities	<u><u>\$ 167,259</u></u>
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See Notes to the Financial Statements

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – Summary of Significant Accounting Policies

Bowman Parks and Recreation (the “District”) operates under a commission form of government. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The accompanying financial statements present the activities of Bowman Parks and Recreation. 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 are 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. The criteria includes appointing a voting majority of an organization’s governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. Based on these criteria, there are no component units to be included within Bowman Parks and Recreation as a reporting entity.

Measurement Focus and Basis of Accounting

The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year which all eligibility requirements have been satisfied. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available within 60 days of the end of the current fiscal year period. Other revenues are considered available if received one year after the fiscal year-end. Major revenues that are determined to be susceptible to the accrual include grant revenues. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, licenses, special assessments, grants, oil and gas production tax, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the reporting entity, except for fiduciary funds. The statements distinguish between governmental activities, which are normally financed through taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, operating grants and contributions, and capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designated to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- 1) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- 2) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Each major fund is presented in a separate column in the fund financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds. A separate statement for the governmental fund is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Financial Statement Presentation

The District reports the following major governmental funds:

General Fund – This is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

1% Sales Tax Fund – This fund accounts for the financial resources generated by District sales taxes and transfers to funds to improve the buildings, facilities, etc. of the District.

Park and Recreation Fund – This fund is used for capital improvements.

Budgets and Budgetary Accounting

Bowman Parks and Recreation follows the procedures established by North Dakota law for the budgetary process. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. Formal budgetary integration is employed as a management control device during the year.

The governing board reviews the preliminary budget, may make revisions, and approves it on or before August 7th. On or before October 7th, a public hearing is held for taxpayers to discuss any budgeted items. The governing body reviews the preliminary budget at the hearing and may make revisions that do not increase the total budget and prepares the final budget. The governing board adopts an ordinance approving the tax levy requested in the final budget. The final budget must be filed with the county auditor by October 10. Legal level of control is total expenditures by fund.

The budget may be amended during the year, except no amendment changing the taxes levied can be made after October 10 except as provided by North Dakota Century Code, the balance of each appropriation becomes a part of the unappropriated fund balance at year-end.

The District prepares its budget and reports its governmental funds on the accrual basis of accounting.

Cash and Cash Equivalents

The District maintains a cash pool for all funds under the control of the District Clerk. Cash includes cash and cash items of checking and savings deposits.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Investments

Investments are recorded at market value. North Dakota state statute authorizes cities to invest their surplus funds in:

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed.
- c) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation of the state.
- d) Obligations of the state.

As of December 31, 2019, the District did not have any investments.

Taxes Receivable

Taxes receivable consists of delinquent uncollected taxes at December 31.

Property tax revenue is recognized in compliance with National Council on Government Accounting (NCGA) Interpretation 3, "Revenue Recognition-Property Taxes." The interpretation states that property tax revenue is recorded when it becomes available. Available means then 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. Since no material taxes are collected with the time period, taxes receivable are recorded as deferred inflow of resources.

Property taxes attach as an enforceable lien on property on January 1. A 5% reduction is allowed if paid by February 15th. Penalty and interest are added March 1st unless the first half of the taxes has been paid. Additional penalties are added October 15th if not paid. Taxes are collected by the County and usually remitted monthly to the District.

Capital Assets

The District owns no capital assets. All assets belong to the City of Bowman.

Taxes and Assessments

An allowance for uncollectible accounts was not maintained for real and personal property taxes receivable. The direct write-off method is used for these accounts.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Compensated Absences

The District allows employees to accumulate earned but unused vacation and sick leave benefits. A maximum of 22 vacation days may be carried over from one year to the next. Unused vacation leave benefits are 100% payable upon termination and up to 60 hours of unused sick leave benefits are payable upon termination. Amounts are reported as liabilities in the appropriate governmental fund in the government wide statements. Expenditure for unpaid vacation and sick leave benefits are recorded when paid in the governmental funds on the modified accrual basis of accounting.

Other Post-Employment Benefits (OPEB)

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

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 NDPERS and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, 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.

Deferred Outflows and 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 future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

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.

Net Position and Fund Balance

The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is "net position" on government-wide financial statements and "fund balance" on the governmental fund financial statements.

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.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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 District Council – the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the District Council 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 district council has 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 expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditures, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts unless the governing board has provided otherwise in its commitment or assignment actions.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as inter-fund activity and balances in the fund financial statements have been eliminated or reclassified.

Property Taxes

All real estate is assessed as of the current value in April of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

A 5% reduction of the taxes is allowed if the taxes are paid in full by February 15. Penalty and interest are added on March 1 if the first half of the taxes is not paid. Additional penalty and interest are added on a quarterly basis to those taxes that are not paid. Taxes are collected by the county and remitted monthly to the District.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Current Year Restatements

Current year restatements were necessary to record net pension and net OPEB liabilities and to restate to correct beginning fund balances. The result of these entries, decreased general fund by \$96,934, increased parks and recreation by \$4,103, increased 1% sales tax by \$92,831, and decreased governmental funds by \$62,130.

Note 3 – Cash and Cash Equivalents

The District pools cash resources of all its funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. These amounts must be deposited in a financial institution situated and doing business within this State.

Custodial Credit Risk

This is the risk that, in the event a financial institution fails, a government is unable to recover the value of its deposits, investments, or collateralized securities in the possession of the institution. The District does not have a formal policy regarding deposits. In accordance with state statutes, the fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds.

At year end December 31, 2019, the District's carrying amount of deposits was \$234,907 and the bank balance was \$241,956. Of the bank balances \$241,956 was covered by Federal Depository Insurance or coverage substantially the same as that provided by federal deposit insurance.

Note 4 – Taxes Receivable

Taxes receivable consist of delinquent uncollected taxes at December 31. The taxes receivable balance for the year ended December 31, 2019 was \$2,475 for the General fund, \$376 for the Parks & Recreation fund and \$151,516 for the 1% Sales Taxes fund.

Note 5 – Intergovernmental Receivable

Intergovernmental receivables consist of reimbursements due from the County Treasurer for taxes and special assessments collected but not remitted to the District at December 31.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 6 – Compensated Absences

Current year activity with compensated absences is as follows:

Prior Year Balance	Earned	Used	Current Year Balance
\$ 4,177	\$ 9,599	\$ 2,726	\$ 11,050

Note 7 – Fund Balance

At December 31, 2019, the governmental fund balance classifications are as follows:

	General Fund	Parks And Recreation Fund	1% Sales Tax Fund	Total
Assigned for Capital Projects	\$ -	\$ 95,464	\$ -	\$ 95,464
Unassigned	171,359	-	165,681	337,040
	<u>\$ 171,359</u>	<u>\$ 95,464</u>	<u>\$ 165,681</u>	<u>\$ 432,504</u>

Note 8 – OPEB Plan

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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 December 31, 2019, the Employer reported a liability of \$6,578 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2019, the Employer's proportion was 0.008190%, which was a decrease of 0.003692% from its proportion measured as of December 31, 2017.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

For the year ended December 31, 2019, the Employer recognized OPEB expense of \$1,063. At December 31, 2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 161	\$ 205
Changes of assumptions	784	-
Net difference between projected and actual earnings on pension plan investments	7	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,002	2,131
Employer contributions subsequent to the measurement date (see below)	<u>592</u>	<u>-</u>
Total	<u><u>\$ 3,546</u></u>	<u><u>\$ 2,336</u></u>

\$3,546 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 ended December 31, 2020.

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 December 31:	
2020	\$ 36
2021	36
2022	36
2023	36
2024	34
Thereafter	(307)

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

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only 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, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net OPEB liability	\$ 8,396	\$ 6,578	\$ 5,022

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 9 – Pension Plan

General Information about the Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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 for 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 December 31, 2019, the Employer reported a liability of \$102,978 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2019, the Employer's proportion was 0.008786%, which was a decrease of 0.003870% from its proportion measured as of June 30, 2018.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

For the year ended December 31, 2019, the Employer recognized pension expense of \$22,235. At December 31, 2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64	\$ 18,689
Changes of assumptions	38,480	33,039
Net difference between projected and actual earnings on pension plan investments	1,794	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,367	37,132
Employer contributions subsequent to the measurement date (see below)	<u>3,698</u>	<u>-</u>
Total	<u><u>\$ 74,403</u></u>	<u><u>\$ 88,860</u></u>

\$74,403 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

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 December 31:

2020	\$ 6,808
2021	(462)
2022	(4,671)
2023	(14,663)
2024	(5,169)

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

Inflation 2.50%

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Salary increases

Service At Beginning Of Year	State Employee	Non-State Employee
0	12.00%	15.00%
1	9.50%	10.00%
2	7.25%	8.00%
3		
4		
Age		
Under 30	7.25%	10.00%
30-39	6.50%	7.50%
40-49	6.25%	6.75%
50-59	5.75%	6.50%
60+	5.00%	5.25%

*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return 7.50%, net of investment expenses

Cost-of-living adjustments None

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and 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	Expected Real Rate of Return
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	\$ 147,649	\$ 102,978	\$ 65,447

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

Note 10 – Commitments

The District has committed to pay \$4,102 per year to the City of Bowman for the use of a skid steer loader. \$4,102 was paid in 2019 and \$4,102 will be paid for the next three years, through 2022.

Note 11 – Concentrations

The District had certain tax and revenue which individually represented 10% or more of the District's total revenue. At December 31, 2019, 1% Sales Tax revenue was \$224,173 and Mill Levy revenue was \$137,343 for 2019 received by the City of Bowman.

BOWMAN PARKS AND RECREATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12 – Subsequent Events

The Company has evaluated subsequent events through September 22, 2023, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a pandemic and on March 13, 2020 Governor of North Dakota declared a state of emergency in response to the COVID-19 public health crisis. As a result, economic uncertainties have arisen which are likely to negatively impact revenues. At the current time, we are unable to quantify the potential effects of this pandemic on our future financial statements.

From March 16 to May 27, 2020, the District was shut down and lost all daily revenue for this time period.

BOWMAN PARKS AND RECREATION

**REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

**BOWMAN PARKS AND RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Employer's proportion of the net OPEB liability (asset)	0.007743%	0.001188%	0.008190%
Employer's proportionate share of the net OPEB liability (asset)	6,125	9,358	6,578
Employer's covered-employee payroll	83,766	130,414	91,387
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.31%	7.18%	7.20%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%	61.89%	63.13%

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	974	1,525	1,063
Contributions in relation to the statutory required contribution	(988)	(1,110)	(1,295)
Contribution deficiency (excess)	(14)	(415)	(232)
Employer's covered-employee payroll	83,766	130,414	91,387
Contributions as a percentage of covered-employee payroll	1.18%	0.85%	1.42%

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

BOWMAN PARKS AND RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2019

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

	2015	2016	2017	2018	2019
Employer's proportion of the net pension liability (asset)	0.004557%	0.008805%	0.008424%	0.008206%	0.008786%
Employer's proportionate share of the net pension liability (asset)	28,294	59,872	82,100	131,897	102,978
Employer's covered-employee payroll	38,385	78,439	84,893	83,766	91,387
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.35%	76.33%	96.71%	157.46%	112.68%
Plan fiduciary net position as a percentage of the total pension liability	77.15%	77.70%	93.62%	152.96%	112.68%

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

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

	2015	2016	2017	2018	2019
Statutorily required contribution	2,733	5,958	6,146	6,074	6,654
Contributions in relation to the statutory required contribution	2,733	(5,585)	(5,575)	(6,169)	(8,091)
Contribution deficiency (excess)	-	373	571	(95)	(1,437)
Employer's covered-employee payroll	38,385	78,439	84,893	83,766	91,387
Contributions as a percentage of covered-employee payroll	7.12%	7.60%	6.57%	7.36%	8.85%

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

BOWMAN PARKS AND RECREATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPARISON OF BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes and special assessments	\$ 136,250	\$ 136,250	\$ 137,343	\$ (1,093)
Intergovernmental revenues	88,900	88,900	98,022	(9,122)
Charges for services	161,950	161,950	175,198	(13,248)
Miscellaneous	5,800	5,800	2,854	2,946
Investment and royalty earnings	850	850	1,555	(705)
Total revenues	<u>393,750</u>	<u>393,750</u>	<u>414,972</u>	<u>(21,222)</u>
Expenditures				
Culture and recreation	337,000	361,000	294,659	66,341
Capital outlay	-	-	-	-
Total expenditures	<u>337,000</u>	<u>361,000</u>	<u>294,659</u>	<u>66,341</u>
Excess (deficiency) of revenues over expenditures	56,750	32,750	120,313	(87,563)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 56,750</u>	<u>\$ 32,750</u>	120,313	<u>\$ (87,563)</u>
Fund Balance - beginning			147,980	
Restatement			(96,934)	
Total fund balance, beginning of year, as restated			<u>51,046</u>	
Fund Balance - ending			<u>\$ 171,359</u>	

BOWMAN PARKS AND RECREATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPARISON OF BUDGET AND ACTUAL – PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues	\$ 25,000	\$ 25,000	\$ 24,552	\$ 448
Expenditures				
Culture and recreation	4,000	36,500	24,709	11,791
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	4,000	36,500	24,709	11,791
Excess (deficiency) of revenues over expenditures	21,000	(11,500)	(157)	(11,343)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 21,000</u>	<u>\$ (11,500)</u>	(157)	<u>\$ (11,343)</u>
Fund Balance - beginning			91,518	
Restatement			4,103	
Total fund balance, beginning of year, as restated			<u>95,621</u>	
Fund Balance - ending			<u>\$ 95,464</u>	

BOWMAN PARKS AND RECREATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPARISON OF BUDGET AND ACTUAL – 1% SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes and special assessments	\$ 300,000	\$ 300,000	\$ 224,173	\$ 75,827
Expenditures				
Culture and recreation	300,000	300,000	151,323	148,677
Capital outlay	-	-	-	-
Total expenditures	300,000	300,000	151,323	148,677
Excess (deficiency) of revenues over expenditures	-	-	72,850	(72,850)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	72,850	<u>\$ (72,850)</u>
Fund Balance - beginning			-	
Restatement			92,831	
Total fund balance, beginning of year, as restated			<u>92,831</u>	
Fund Balance - ending			<u>\$ 165,681</u>	

BOWMAN PARKS AND RECREATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – OPEB: Changes of benefit terms and assumptions.

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, 2018.

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

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

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

Note 2 – Pension: Changes of benefit terms and assumptions.

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, 2018.

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

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

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

Note 3 – Budget to Actual: Stewardship, Compliance, and Accountability

Budgetary Information

The Park Board adopts an annual budget on a basis consistent with the cash basis of accounting for the general fund, the special revenue fund and the capital projects fund.

BOWMAN PARKS AND RECREATION

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED FOR THE YEAR ENDED DECEMBER 31, 2019

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

- On or before September 10 of the preceding fiscal year, the District prepares a preliminary budget for the next succeeding year beginning January 1. The preliminary budget includes a detailed breakdown of the estimated revenues and appropriations.
- The governing board holds a public hearing where any taxpayer may testify in favor or against any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7, the board adopts the final budget. The final budget must be filed with the County Auditor by October 10.
- No disbursement shall be made, or liability incurred in excess of the total appropriation by fund. However, the governing board may amend the budget during the year for any revenue and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board. All annual appropriations lapse at year-end.



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**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

The Board of Directors
Bowman Parks and Recreation

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 and each major fund of Bowman Parks and Recreation as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Bowman Parks and Recreation's basic financial statements, and have issued our report thereon dated September 22, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bowman Parks and Recreation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bowman Parks and Recreation's internal control. Accordingly, we do not express an opinion on the effectiveness of Bowman Parks and Recreation'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as item 2019-001 and 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bowman Parks and Recreation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Bowman Parks and Recreation's Response to Findings

Bowman Parks and Recreation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Bowman Parks and Recreation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Bismarck, ND
September 22, 2023

**BOWMAN PARKS AND RECREATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

2019-001 Segregation of Duties

Significant Deficiency in Internal Control over Financial Reporting

Criteria – A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion and that there is proper approval of transactions.

Condition – Bowman Parks and Recreation has a lack of segregation of duties in certain areas, specifically the cash receipt process and the review and approval process of manual journal entries due to limited staff.

Cause – Bowman Parks and Recreation has not implemented internal control procedures to ensure there is adequate segregation of duties related to all transactions handled in the accounting office and there are a limited number of employees to segregate all of the duties.

Effect – Inadequate segregation of duties could adversely affect Bowman Parks and Recreation's ability to detect potential material misstatements to the financial statements or fraudulent activity in a timely manner.

Recommendation – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible.

Views of Responsible Officials – Upon review, Bowman Parks and Recreation Officials are in agreement with the finding noted.

**BOWMAN PARKS AND RECREATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

2019-002 Preparation of Financial Statements

Material Weakness in Internal Control over Financial Reporting

Criteria – A good system of internal accounting control contemplates an adequate system for the preparation of generally accepted accounting principles (GAAP) financial statements financial statements and accompanying notes to the financial statements.

Condition – Bowman Parks and Recreation does not have an internal control system designed to provide for the preparation of GAAP financial statements being audited. Schmitz-Holmstrom was requested to draft the financial statements and accompanying notes to the financial statements.

Cause – As a relatively small government entity, Bowman Parks and Recreation has determined it is not cost effective to hire the additional employees needed to prepare their GAAP financial statements.

Effect – Inadequate control over financial reporting of Bowman Parks and Recreation could result in the more than a remote likelihood that the government entity would not be able to draft the financial statements and accompanying notes to the financial statements without material errors.

Recommendation – Management and those charged with governance should continue their close oversight of the financial reporting process including the GAAP financial statements.

Views of Responsible Officials – Upon review, Bowman Parks and Recreation Officials are in agreement with the finding noted.