CITY OF MINOT PARK DISTRICT
MINOT, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
City of Minot Park District
Minot, North Dakota

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Minot Park District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

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, each major fund, and the aggregate remaining fund information of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 12 to the financial statements, a prior period adjustment was made to decrease the net pension liability and increase government-wide net position in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – general fund, schedules of employer's proportionate share of net pension liability, schedules of employer's proportionate share of net OPEB liability, schedules of employer contributions – pensions and schedules of employer contributions – OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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, economic, 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 District's basic financial statements. The tax levies and uncollected taxes, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The tax levies and uncollected taxes 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 tax levies and uncollected taxes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Anderson ZurMuehlen & Co., P.C.

Great Falls, Montana
December 17, 2020

CITY OF MINOT PARK DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 7,751,550
Due from county	40,387
Due from state	152,219
Taxes receivable	312,318
Other receivables	225,600
Total current assets	8,482,074
CAPITAL ASSETS	
Construction in progress	688,104
Nondepreciable capital assets	9,553,030
Depreciable capital assets, net	50,242,215
Total capital assets	60,483,349
RESTRICTED ASSETS	
Foundation cash and cash equivalents	227,620
Foundation investments	832,990
Total restricted assets	1,060,610
Total assets	70,026,033
DEFERRED OUTFLOWS OF RESOURCES	
Cost-sharing defined benefit plans - pensions	1,750,217
Cost-sharing defined benefit plans - OPEB	33,065
Total deferred inflows of resources	1,783,282
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	525,329
Accrued payroll	172,011
Accrued payroll taxes and other withholding	89,382
Unearned revenue	759,094
Retainage payable	25,000
Accrued compensated absences	36,143
Accrued interest payable	73,744
Current portion of long-term debt	1,866,069
Total current liabilities	3,546,772
NON-CURRENT LIABILITIES	
Net pension liability	6,150,447
Net OPEB liability	34,686
Unamortized premiums / discounts	307,509
Long-term debt, net of current portion and unamortized premiums / discounts	17,082,757
Total non-current liabilities	23,575,399
Total liabilities	27,122,171
DEFERRED INFLOWS OF RESOURCES	
Cost-sharing defined benefit plans - pension	364,968
Cost-sharing defined benefit plans - OPEB	1,084
Total deferred inflows of resources	366,052
NET POSITION	
Net investment in capital assets	41,202,014
Restricted for:	
Park District Foundation	932,610
Debt service	1,183,046
Capital projects	92,616
Unrestricted	910,806
Total net position	$ 44,321,092

See Notes to the Financial Statements

CITY OF MINOT PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Park operations	$ 9,608,769	$ 1,778,693	$ 1,309,749	$ 264,857	$ (6,255,470)
Recreation	241,340	325,041	-	-	83,701
Interest on long-term debt	466,751	-	-	-	(466,751)
Total governmental activities	$ 10,316,860	$ 2,103,734	$ 1,309,749	$ 264,857	(6,638,520)

General Revenues:	
Taxes:	
Property taxes	8,300,099
State revenue not restricted for a specific purpose	618,984
Investment earnings (loss)	327,048
Miscellaneous	225,072
Special item - transfer of recreation operations (see Note 10)	522,078
Total general revenues and special items	9,993,281
Change in net position	3,354,761
Net position - beginning of year, as originally stated	40,481,368
Prior period adjustment - see note 12	484,963
Net position - beginning of year, as restated	40,966,331
Net position - end of year	$ 44,321,092

See Notes to the Financial Statements

CITY OF MINOT PARK DISTRICT
BALANCE SHEET
DECEMBER 31, 2019

	General Fund	Refunding Improvement Bonds, Series 2018 A	Foundation Fund	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 7,191,755	$ -	$ -	$ 559,795	$ 7,751,550
Due from county	31,894	-	-	8,493	40,387
Due from state	152,219	-	-	-	152,219
Due from other funds	-	-	-	664,388	664,388
Taxes receivable	244,332	-	-	67,986	312,318
Other receivables	223,600	-	2,000	-	225,600
Total current assets	7,843,800	-	2,000	1,300,662	9,146,462
RESTRICTED ASSETS					
Foundation cash and cash equivalents	-	-	227,620	-	227,620
Foundation investments	-	-	832,990	-	832,990
Total restricted assets	-	-	1,060,610	-	1,060,610
Total assets	$ 7,843,800	$ -	$ 1,062,610	$ 1,300,662	$ 10,207,072
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	$ 395,329	$ -	$ 130,000	$ -	$ 525,329
Accrued payroll	172,011	-	-	-	172,011
Accrued payroll taxes and other withholding	89,382	-	-	-	89,382
Retainage payable	-	-	-	25,000	25,000
Due to other funds	664,388	-	-	-	664,388
Total current liabilities	1,321,110	-	130,000	25,000	1,476,110
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - taxes	244,332	-	-	67,986	312,318
Deferred inflows - unearned revenue	759,094	-	-	-	759,094
Total deferred inflows of resources	1,003,426	-	-	67,986	1,071,412
FUND BALANCES					
Restricted for:					
Park District Foundation	-	-	932,610	-	932,610
Debt service	-	-	-	1,115,060	1,115,060
Capital projects	-	-	-	92,616	92,616
Unassigned	5,519,264	-	-	-	5,519,264
Total fund balances	5,519,264	-	932,610	1,207,676	7,659,550
Total liabilities, deferred inflows of resources and fund balances	$ 7,843,800	$ -	$ 1,062,610	$ 1,300,662	$ 10,207,072

See Notes to the Financial Statements

CITY OF MINOT PARK DISTRICT

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Governmental Funds Balance		$ 7,659,550
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		60,483,349
Certain revenues 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.		312,318
Deferred outflows relating to the cost-sharing defined benefit plans in the governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		1,783,282
Bond premiums and discounts are reported as other financing sources and uses in the governmental fund financial statements, but are deferred and amortized in the government wide financial statements.		(307,509)
Long-term liabilities are not due and payable in the current period and therefore are not included in the funds.		
Accrued compensated absences	(36,143)	
Accrued interest payable	(73,744)	
Long-term debt	(18,948,826)	
Net pension liability	(6,150,447)	
Net OPEB liability	(34,686)	
Total		(25,243,846)
Deferred inflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		(366,052)
Net Position of Governmental Activities		$ 44,321,092

See Notes to the Financial Statements

CITY OF MINOT PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Refunding Improvement Bonds, Series 2018 A	Foundation Fund	Total Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Local property taxes	$ 6,948,651	$ -	$ -	$ 1,383,753	$ 8,332,404
Charges for services	2,103,728	-	-	-	2,103,728
State revenue	618,984	-	-	-	618,984
Grants and contributions	1,309,749	-	264,857	-	1,574,606
Investment income	192,111	-	134,937	-	327,048
Miscellaneous	225,072	-	-	-	225,072
Total revenues	11,398,295	-	399,794	1,383,753	13,181,842
EXPENDITURES					
Park operations	7,415,523	-	255,902	-	7,671,425
Recreation	181,916	-	-	-	181,916
Capital outlay	3,089,018	3,149,271	-	86,475	6,324,764
Debt Service:					
Principal payments	426,534	-	-	1,360,000	1,786,534
Interest	252,650	-	-	240,939	493,589
Total expenditures	11,365,641	3,149,271	255,902	1,687,414	16,458,228
Excess revenues over (under) expenditures	32,654	(3,149,271)	143,892	(303,661)	(3,276,386)
OTHER FINANCING SOURCES (USES)					
Issuance of contract for deed	1,100,000	-	-	-	1,100,000
Issuance of capital lease	10,288	-	-	-	10,288
Operating transfers in	-	4,109,314	-	-	4,109,314
Operating transfers out	(4,109,314)	-	-	-	(4,109,314)
Total other financing sources (uses)	(2,999,026)	4,109,314	-	-	1,110,288
Net change in fund balances	(2,966,372)	960,043	143,892	(303,661)	(2,166,098)
Fund balances - beginning of year	8,485,636	(960,043)	788,718	1,511,337	9,825,648
Fund balances - end of year	$ 5,519,264	$ -	$ 932,610	$ 1,207,676	$ 7,659,550

See Notes to the Financial Statements

CITY OF MINOT PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balance - governmental funds		$ (2,166,098)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	6,324,764	
Transfer of recreation operations	522,078	
Current year depreciation	(1,829,244)	
Total		5,017,598
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This consists of delinquent property taxes.		(32,301)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net increase in accrued compensated absences	(14,265)	
Amortization of premium/discount on bond issues	37,122	
Net decrease in accrued interest payable	(10,284)	
Net increase in net pension liability	(1,135,190)	
Net increase in net OPEB liability	(34,686)	
Total		(1,157,303)
Changes in deferred outflows relating to cost-sharing defined benefit plans		1,251,347
Changes in deferred inflows relating to cost-sharing defined benefit plans		(234,728)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		(1,110,288)
Repayment on long-term debt consumes the current financial resources of the governmental funds. However, there is no effect on net position.		1,786,534
Change in net position of governmental activities		$ 3,354,761

See Notes to the Financial Statements

NOTE 1 GOVERNING BOARD AND REPORTING ENTITY

The affairs of the City of Minot Park District ("District") are administered by an elected board made up of a president and four commissioners. Appointed officials are a clerk, attorney, and director of parks. The officials of the District as of December 31, 2019, are as follows:

	Office	Monthly Compensation
Perry Olson	President	$ 250
Mike Schmitt	Vice President	250
Cliff Hovda	Commissioner	250
Chuck Emery	Commissioner	250
Ken Kitzman	Commissioner	250
Ron Merritt	Director of Parks	10,133
Pete Hankla	Attorney	-
Elly DesLauriers	Clerk	200

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the City of Minot Park District is presented to assist in understanding the District's financial statements.

The financial statements of the City of Minot Park District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

Component units are legally separate organizations for which the District is financially accountable. The Government 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 District to impose its will on that organization or (2) the potential for the District to provide specific financial benefits to, or impose specific financial burdens on the District. Component units may also include organizations that are fiscally dependent on the District.

Based on the above criteria, the Minot Park District Foundation is included in the District's reporting entity as a blended component unit. It is considered a blended component unit as the governance of both the District and the Foundation are the same. These financial statements include the financial information of the District and its component unit, the Minot Park District Foundation.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

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 activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to recipients for goods or services offered by the program, grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Taxes and other items not properly included as program revenues are presented as general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. 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. The following are the major governmental funds of the District:

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

Refunding Improvement Bonds, Series 2018 A - a capital projects fund that accounts for the bond proceeds and construction costs related to the Park Improvement District No. 2018-01.

Foundation fund – a special revenue fund which accounts for the restricted contributions and expenditures of the Minot Park District Foundation, a blended component unit of the District.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and 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. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Park District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term certificates of deposit with a maturity date within three months of the date acquired by the government.

Investments

North Dakota state statute authorizes government entities 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, instrumentality's, 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 above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation, d) Obligations of the state, and e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two annually recognized rating agencies and matures in two hundred seventy days or less. Investments are carried at fair value.

Due from County

The amount due from county consists of cash on hand at the county for taxes collected but not yet remitted to the District at December 31, 2019.

Due from State

The amount due from state consists of cash on hand at the state for taxes collected but not yet remitted to the District at December 31, 2019.

Taxes Receivable

Taxes receivable consist of delinquent uncollected taxes at December 31, 2019, and are recorded as deferred inflows of resources in the governmental funds and recognized as revenue in the government-wide financial statements.

Other Receivables

Other receivables primarily consist of amounts due from the City of Minot for the reimbursement for the recreation department expenses. Other receivables also consist of balances due on park charges for services.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost).

The assets are updated for additions and retirements during the Park District's fiscal year. The Park District has established a capitalization threshold of $5,000. Donated fixed assets are recorded at their fair value at the date received. Improvements that significantly extend the useful life of the asset are also capitalized. 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.

The District's land, construction in progress costs, and collectibles are capitalized but are not depreciated. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Buildings and Improvements	20-60 years
Equipment	5-15 years
Vehicles	5-10 years
Tractors, Trailers & Mowers	5-10 years
Zoo	30-60 years

Collections include statues and sculptures. No depreciation is taken on collections as these items are held for public service rather than financial gain and the items are cared for and preserved.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16 *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District's government wide financial statements. The District's governmental fund financials report only those obligations that will be paid from current financial resources.

Bond Premiums/Discounts

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Premiums and discounts on bonds will be amortized on a straight-line basis over the life of the loan associated with the premium or discount. The amortization expense will be included with interest expense in the governmental activities column of the government-wide financial statements.

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 Minot City Employee Pension Plan (CEPP) and the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from CEPP's and NDPERS' fiduciary net position have been determined on the same basis as they are reported by CEPP and 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.

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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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) imposed 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 Park Board – the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the 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 Park Board and Executive Director 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 - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any construction payables and long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District has one type of item that qualifies for reporting in this category. Cost sharing defined benefit plan – pension and OPEB are reported as deferred outflows of resources in the Statement of Net Position, which represents actuarial differences within the CEPP and NDPERS pension plans and NDPERS OPEB plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 two types of items that qualify for reporting in this category. Deferred inflows – taxes is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Cost sharing defined benefit plan – pensions and OPEB are reported as deferred inflows of resources in the Statement of Net Position, which represents actuarial differences within the CEPP and NDPERS pension plans and NDPERS OPEB plan.

Revenue Recognition - Property Taxes

Taxes receivable consists of current and delinquent uncollected taxes at December 31, 2019. 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 1 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 Park 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 Park District tax levies are in compliance with state laws.

Use of 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.

Implementation of New Standard

The District implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution. In the event of a depository financial institution's failure, the District would not be able to recover the deposits or collateralized securities that are in the possession of the outside parties. The District does not have a formal policy regarding deposits. The fair value of the collateral pledged must be equal to or greater than 110 percent of the deposits not covered by insurance on bonds.

The District maintains cash on deposit at various financial institutions. The amount on deposit was insured by the FDIC or NCUA up to $250,000 at each institution. At December 31, 2019, the District had approximately $7.3 million in excess of the FDIC and NCUA limits on deposit. Approximately $760,000 of the $7.3 million was not covered by pledged securities held in the name of the District.

NOTE 4 INVESTMENTS

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. None of the investments held by the Foundation are debt securities that would be subject to a change in interest rates.

At December 31, 2019, the City's investments were as follows:

Investment Type	Total Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	More Than 10 Years
Mutual Funds	$ 832,990	$ 832,990	$ -	$ -	$ -
Investments not subject to categorization					
Money Market Funds	227,620				
	$ 1,060,610				

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The District does not have an investment policy that specifically addresses credit risk. None of the investments held by the Foundation are rated.

Fair Value Measurements

In accordance with GASB Statement No. 72, investments are grouped at fair value in three levels, based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and model-based valuation techniques for which all significant assumption are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The table below presents the balances of investments measured at fair value on a recurring basis as of December 31, 2019.

	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds		
Fixed Income Securities	$ 325,623	$ 325,623
Alternative Securities	101,803	101,803
Equity Mutual Fund	405,564	405,564
Total assets at fair value	$ 832,990	$ 832,990

NOTE 5 DUE TO/DUE FROM BALANCES

Due to and due from balances as of December 31, 2019 are as follows:

Fund	Due From	Due To
General Fund	$ -	$ 664,388
Non-Major Funds	664,388	-
	$ 664,388	$ 664,388

These advances were made to cover general expenditures before the fund could collect fees to cover the expenditures. The fund will repay these advances as funds become available.

NOTE 6 CAPITAL ASSETS

The following is a summary of equipment held under capital lease at December 31, 2019. Accumulated amortization is included in depreciation on the government wide financial statements.

Golf Course Equipment	$ 22,388
Less: Accumulated Depreciation	(1,746)
	$ 20,642

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Additions	Deletions	Transfer in of Recreation (See Note 10)	Transfers	Balance 12/31/19
Construction in Progress	$ 5,267,866	$ 3,780,051	$ -	$ -	$ (8,359,813)	$ 688,104
Capital Assets Not Being Depreciated:						
Land and Special Assessments	$ 7,652,197	$ 1,309,965	$ -	$ -	$ -	$ 8,962,162
Collectibles	590,868	-	-	-	-	590,868
Total Capital Assets Not Being Depreciated	$ 8,243,065	$ 1,309,965	$ -	$ -	$ -	$ 9,553,030
Capital Assets Being Depreciated						
Buildings	$ 6,832,585	$ -	$ -	$ -	$ -	$ 6,832,585
Golf Course	2,366,392	-	-	-	-	2,366,392
Maysa	21,778,375	97,385	-	-	-	21,875,760
Equipment	1,463,601	95,276	(27,709)	159,263	-	1,690,431
Vehicles	1,017,917	78,447	-	171,995	-	1,268,359
Zoo	6,365,623	-	-	-	-	6,365,623
Other Park Assets	13,881,024	963,640	-	-	8,359,813	23,204,477
Other Recreation Assets	-	-	-	1,047,384	-	1,047,384
Total Capital Assets Being Depreciated	$ 53,705,517	$ 1,234,748	$ (27,709)	$ 1,378,642	$ 8,359,813	$ 64,651,011
Less Accumulated Depreciation:						
Buildings	$ 1,362,555	$ 116,490	$ -	$ -	$ -	$ 1,479,045
Golf Course	1,133,932	76,876	-	-	-	1,210,808
Maysa	3,433,769	682,526	-	-	-	4,116,295
Equipment	865,103	98,884	(27,709)	159,000	-	1,095,278
Vehicles	591,611	67,922	-	171,995	-	831,528
Zoo	1,179,650	122,544	-	-	-	1,302,194
Other Park Assets	3,184,077	606,245	-	-	-	3,790,322
Other Recreation Assets	-	57,757	-	525,569	-	583,326
Total Accumulated Depreciation	$ 11,750,697	$ 1,829,244	$ (27,709)	$ 856,564	$ -	$ 14,408,796
Total Capital Assets Being Depreciated, Net	$ 41,954,820	$ 4,495,520	$ -	$ 522,078	$ -	$ 50,242,215
Governmental Capital Assets, Net	$ 55,465,751	$ 9,585,536	$ -	$ 522,078	$ -	$ 60,483,349

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

Park Operations	$ 1,769,820
Recreation	59,424
	$ 1,829,244

NOTE 7 LONG-TERM LIABILITIES

General Obligation Bonds

General obligation bonds (G.O. bonds) are issued to provide funds for acquisition and construction of major capital items. They are direct obligations and pledge the full faith and credit of the District. G.O. bonds are paid through the debt service fund by a mill levy sufficient to meet the current year's principal and interest payments.

The District has a general obligation bond outstanding for flood restoration projects related to the flood of 2011. Information on this bond at December 31, 2019 is as follows:

General Obligation Bond, issued November 1, 2012, principal due annually beginning May 1, 2013 through May 1, 2027. Interest due May 1 and November 1 of each year, interest at 2.00%. Payments are made by the associated debt service fund.	$ 2,025,000

Special Assessment Bonds

Special assessment bonds are issued for debt obligations on various parcels of land and other projects. They are direct obligations and pledge the full faith and credit of the District. These bonds are paid through the debt service fund by a mill levy sufficient to meet the current year's principal and interest payments. Special assessments as of December 31, 2019 are as follows:

Refunding Improvement Bond, issued October 30, 2014, principal due annually beginning May 1, 2015 through May 1, 2029. Interest due May 1 and November 1 of each year, interest at 3.00%.	$ 1,405,000
Refunding Improvement Bond, issued August 17, 2015, principal due annually beginning May 1, 2016 through May 1, 2025. Interest due May 1 and November 1 of each year, interest varies from 2.00% to 2.25%.	940,000
General Obligation Special Assessment Prepayment Bond, issued August 19, 2015, principal due annually beginning May 1, 2016 through May 1, 2023. Interest due May 1 and November 1 of each year, interest at 2.00%.	1,245,000
Refunding Improvement Bond, issued March 8, 2016, principal due annually beginning May 1, 2017 through May 1, 2026. Interest due May 1 and November 1 of each year, interest varies from 1.20% to 1.50%.	1,465,000
General Obligation Special Assessment Prepayment Bond, issued February 11, 2016, principal due annually beginning May 1, 2017 through May 1, 2024. Interest due May 1 and November 1 of each year, interest at 2.00%.	950,000
Refunding Improvement Bond, issued August 15, 2018, principal due annually beginning May 1, 2019 through May 1, 2038. Interest due May 1 and November 1 of each year, interest varies from 3.00 to 3.50%.	1,910,000
Total Special Assessment Debt	$ 7,915,000

Revenue Bonds

The District has gross revenue bonds outstanding for the purchase of land, costs of the MAYSA arena expansion, and to pay off a notes payable with a financial institution and to finance construction of two new exhibits at Roosevelt Park Zoo. Information on these bonds at December 31, 2019 is as follows:

Gross Facilities Revenue Bond, issued March 29, 2016, principal due annually beginning December 1, 2016 through December 1, 2035. Interest due June 1 and December 1 of each year, interest varies from 2.00% to 3.375%. Payments are made by the General fund.	$	5,740,000
Gross Facilities Revenue Bond, issued August 15, 2018, principal due annually beginning December 1, 2019 through December 1, 2038. Interest due June 1 and December 1 of each year, interest varies from 2.00% to 3.75%. Payments are made by the General fund.		2,155,000
Total Gross Revenue Bonds Payable	$	7,895,000

Contract for Deed

The District has a contract for deed outstanding for the purchase of MAYSA land. Information on this deed at December 31, 2019 is as follows:

Contract for Deed dated August 1, 2019, principal and interest due annually beginning September 1, 2020 through September 1, 2030, interest at 4.25%. Payments are made by the General Fund.	$	1,100,000

Capital Leases

The District has capital leases for golf equipment and a vehicle. Capital leases as of December 31, 2019 are as follows.

Capital lease for Greenspro Roller Toro issued May 9, 2018, principal and interest due annually beginning May 9, 2018 through May 9, 2022, interest at 5.33%. Payments are made by the General fund.	$	7,150
Capital lease for Utility Vehicle, issued June 24, 2019, principal and interest due annually beginning June 24, 2019 through June 24, 2022, interest at 5.30%. Payments are made by the General fund.		6,676
Total Capital Lease Payable	$	13,826

Future Maturities

The anticipated annual requirements to pay existing debt as of December 31, 2019 is as follows:

	G.O. Bonds		Special Assessment Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 235,000	$ 38,150	$ 1,120,000	$ 175,188	$ 415,000	$ 239,743
2021	240,000	33,400	1,115,000	152,433	425,000	235,443
2022	245,000	28,550	1,110,000	129,748	440,000	223,367
2023	250,000	23,600	940,000	108,599	450,000	210,843
2024	255,000	18,550	770,000	90,411	460,000	197,865
2025-2029	800,000	24,300	1,815,000	278,874	2,270,000	782,125
2030-2034	-	-	540,000	133,765	2,460,000	426,738
2035-2039	-	-	505,000	35,887	975,000	67,874
Total	$ 2,025,000	$ 166,550	$ 7,915,000	$ 1,104,905	$ 7,895,000	$ 2,383,998

	Contract for Deed		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 90,563	$ 46,750	$ 5,506	$ 759	$ 1,866,069	$ 500,590
2021	94,412	42,901	5,807	458	1,880,219	464,635
2022	98,425	38,888	2,513	140	1,895,938	420,693
2023	102,608	34,705	-	-	1,742,608	377,747
2024	106,968	30,345	-	-	1,591,968	337,171
2025-2029	607,024	79,541	-	-	5,492,024	1,164,840
2030-2034	-	-	-	-	3,000,000	560,503
2035-2039	-	-	-	-	1,480,000	103,761
Total	$ 1,100,000	$ 273,130	$ 13,826	$ 1,357	$ 18,948,826	$ 3,929,940

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Balance 1/1/19 (Restated)	Additions	Reductions	Balance 12/31/19	Due Within One Year
Net pension liability *	$ 5,015,257	$ 1,135,190	$ -	$ 6,150,447	$ -
Net OPEB liability **	-	34,686	-	34,686	-
Long-term debt:					
General obligation bond	2,255,000	-	(230,000)	2,025,000	235,000
Special assessment bonds	9,045,000	-	(1,130,000)	7,915,000	1,120,000
Gross revenue bond	8,305,000	-	(410,000)	7,895,000	415,000
Contract for deed	-	1,100,000	-	1,100,000	90,563
Capital lease	20,072	10,288	(16,534)	13,826	5,506
Total long-term debt	19,625,072	1,110,288	(1,786,534)	18,948,826	1,866,069
Unamortized premium / discount	344,631	-	(37,122)	307,509	-
Total long-term liabilities	$ 24,984,960	$ 2,280,164	$ (1,823,656)	$ 25,441,468	$ 1,866,069

*See Note 8 for more information regarding the net pension liability.
**See Note 9 for more information regarding the net OPEB liability.

The Park District had a line of credit available of $1,500,000. There was nothing outstanding as of December 31, 2019. The line of credit matures on February 1, 2025 and carries an interest rate of 4.50 percent.

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS AND PLANS

DEFINED BENEFIT PLANS

City Employee Pension Plan (CEPP)

The Minot Park District participates along with the City of Minot in a defined benefit pension plan covering substantially all full-time employees hired before January 1, 2014. The City of Minot Finance Department, PO Box 5006, Minot, North Dakota 58702 has a separate actuarial report for the plan. Separate financial statements are not issued. The Minot Park District also participates with the City of Minot in a defined contribution plan for all full-time employees hired after December 31, 2013.

Plan Description

The City Employee Pension Plan (CEPP) is a cost sharing, multiple employer public employee retirement system. The pension plan document provides all employees of the City of Minot (excluding non-civil service employees) and the Minot Park District, with a hire date before January 1, 2014, shall become a member of the pension plan at the time they begin employment. There are no provisions or policies with respect to automatic and ad hoc postretirement benefit increases. Effective January 1, 2014 the Plan has been closed to new participants.

Plan Administration

North Dakota Century Code 40-46 grants the authority to establish and amend the benefit terms to the City of Minot City Council. Management of the CEPP is vested in the CEPP Board, which consists of 10 members; the Mayor, City Auditor, Human Resource Director, Police Chief, 2 members from the Police Department elected by the police plan members, 2 at large members elected by all plan members except police department members, and 2 City Council members appointed by the Mayor. Elected members serve 2-year terms.

Benefits Provided

For the CEPP, the benefit provisions, amendments, and all requirements are amended in the pension plan document. Park District employees hired before July 6, 2010, who retire at or after the age of 60 with 60 months of service and Park District employees hired on or after July 6, 2010, who retire at or after the age of 60 with 120 months of service are eligible for a monthly pension benefit. The average monthly earnings are considered the average of the highest 36 months earnings prior to July 6, 2010 and 48 months after July 6, 2010, within the last 120 months (need not be consecutive).

After December 31, 2003, members satisfying the Rule of 85 are also eligible for a monthly pension benefit. After July 6, 2010, members satisfying the Rule of 90 and who have attained age 55 are eligible for a monthly pension benefit. Also, the average monthly earnings is calculated using the highest 78 bi-weekly earnings within the last 120 months. The Rule of 85/90 is satisfied when the member’s age plus the member’s total period of service equals 85/90 years and the employee is at least 55 years old.

Prior to July 6, 2010, benefits vest after 5 years of service. After July 5, 2010, benefits vest after 10 years. Vested employees may retire upon Rule of 85/90 or 60 years of age after 5/10 years of employment. If death is not in the course of employment and the participant has less than 5/10 years of service, then a refund of contributions is made. In all other cases, the plan pays survivor benefits allocated on a percentage dependent upon if there is a surviving spouse and/or children or other beneficiaries. For participants who die in the course of employment or are deferred vested or active participants with more than 5/10 years of service, the benefit amount is equal to the normal retirement benefit.

Supplemental Benefits Provided

Employees who retire under the City of Minot Employee's Pension Plan before January 1, 2004 and annually provide proof of health insurance coverage receive a monthly healthcare supplement equal to the City's portion of the group-blended premium for an active employee with single coverage. Employees who retire under the City of Minot Pension Plan after December 31, 2004 and employees hired before July 6, 2010 receive a monthly healthcare supplement equal to $7.50 per year of service. Employees hired after July 5, 2010 do not receive any retiree healthcare supplement. These supplements are accounted for in the pension plan valuation because they are not restricted to the payment of health insurance.

Contributions Required and Contributions Made

The actuary does not determine the pension contribution rates; rather it is done by employer recommendations within the limits established by state statute. The employees contributed 14.74 percent and the employer 29.44 percent of covered payroll. The employer contributions to the plans are to be made through an annual tax levy or other budgeted sources. Based on an actuarial valuation, contributions are providing for a closed amortization period of 30 years (25 years remaining as of January 1, 2019) respectively on the unfunded liability at January 1, 2019.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting. The City Employee Pension Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Investment Policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the CEPP Board by a majority vote of its members. It is the policy of the CEPP Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Board's adopted asset allocation policy as of December 31, 2019:

Asset Class	Target Allocation
US fixed income	28%
International fixed income	7%
Domestic equity	42%
International equity	15%
Alternative investments	8%
	100%

The target allocation and investment policy were last amended in April 2013.

Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

The long-term expected rate of return of 7.50 percent on plan investments was determined using official rates of return under the Global Investment Performance Standards 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. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
US fixed income	28%	3%
International fixed income	7%	4%
Domestic equity	42%	8%
International equity	15%	9%
Alternative investments	8%	6%
	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return. For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.6 and 23.41 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions. The actuarial methods and assumptions are presented by plan below. The information is based upon the actuary reports generated by the studies conducted by the Gallagher Group. Securities are valued at fair market value. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the pattern of sharing costs between the employee and the plan members to that point.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

The cost of administering the pension plan is part of the calculation to determine the employer and employee contributions.

Below is listed the various actuarial methods and significant assumptions used to determine the actuarially determined contributions.

Assumption	
Valuation date	January 1, 2019
Measurement date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount
Remaining amortization period	30 year closed period (25 years remain as of 1/1/20)
Asset valuation method-smoothing	5 years gains and losses
Investment rate of return	7.50%
Project salary increases	0-4 years of service 7%
	5-12 years of service 4.5%
	13+ years of service 4%
Cost of living adjustments	1% after age 65
Marriage rate	85%
Spouse age differential	Males 3 years older than female spouses
Mortality rate	RP-2000 mortality table with projected future improvements to the valuation date

Pension Costs. At December 31, 2019 the Park District reported a liability of $5,607,449 for its proportionate share of the CEPP's net pension liability. The net pension liability was measured as of January 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net pension liability was based on its present value of future payroll relative to the total present value of payroll for all participating employers. At January 1, 2019, the Park District's proportionate share was 7.9944 percent which was an decrease of 0.1801 percent from its proportion measured as of January 1, 2018.

For the year ended December 31, 2019, the Park District recognized pension expense of $178,953 for its proportionate share of the CEPP's pension expense.

At December 31, 2019, the Park District reported the following amounts and sources for deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,789	$ (3,741)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	455,715	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,549	(88,472)
Employer contributions subsequent to measurement date	494,550	-
Total	$ 1,094,603	$ (92,213)

$494,550 reported as deferred outflows of resource related to pension 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.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense for the Park District's proportionate share as follows:

Year ended June 30:	
2020	$ 223,379
2021	78,138
2022	57,991
2023	148,332
	$ 507,840

The following presents the Park District's proportionate share of the net pension liability using the discount rate of 7.50 percent, as well as what the 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):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share share of the net pension liability	$ 6,859,254	$ 5,607,449	$ 4,556,016

Pension Plan Fiduciary Net Position

Detailed information about the CEPP's pension plan fiduciary net position is available in the City of Minot's separately issued financial report. The financial report is available on the City of Minot's website.

North Dakota Public Employees Retirement System (Main System) (NDPERS)

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00 percent 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 percent multiplier was replaced with a 1.75 percent 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 percent of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100 percent 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 percent 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 percent and employer contribution rates are 7.12 percent of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7 percent and employer contribution rates are 8.26 percent 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 $542,998 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 0.029437 percent, which was an increase of 0.029437 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Employer recognized pension expense of $196,405. At December 31, 2019, 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	$ 323	$ (98,544)
Changes of assumptions	202,904	(174,211)
Net difference between projected and actual earnings on pension plan investments	9,460	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	415,576	-
Employer contributions subsequent to the measurement date	27,351	-
Total	$ 655,614	$ (272,755)

$27,351 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	$	115,597
2021		103,596
2022		78,039
2023		47,669
2024		10,607
	$	355,508

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 percent

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 percent, 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 percent.

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 percent	6.25 percent
International Equity	21 percent	6.95 percent
Private Equity	7 percent	10.15 percent
Domestic Fixed Income	23 percent	2.11 percent
Global Real Assets	19 percent	5.41 percent

Discount rate

For NDPERS, 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 percent; the municipal bond rate is 3.13 percent; and the resulting Single Discount Rate is 7.50 percent.

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	$ 778,542	$ 542,998	$ 345,099

Pension plan fiduciary net position

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

DEFINED CONTRIBUTION PLAN

The City administers the City of Minot North Dakota 401(a) Retirement Plan and the City of Minot North Dakota 457 Plan, a defined contribution plan and a 457(e)(1)(A) deferred compensation plan, respectively, for all full-time employees hired after December 31, 2013 in which the Park District participates in. The 401(a) plan requires eligible employees to contribute 7.5 percent of their earnings to the Plan. The employee contributions meet the requirements of pick-up contributions under Internal Revenue Code 414(h)(2). The 457(b) plan is provided for those employees who elect to defer a portion of their compensation.

For each enrolled employee, the employer shall contribute an amount which will equal 400 percent of the amount of the employee's contribution to the 457(e)(1)(A) plan, not to exceed 8 percent of the employee's eligible compensation. Benefit terms, including contribution requirements are established and may be amended by the City Council. For the year ended December 31, 2019, Park District employee contributions totaled $141,635 and the Park District recognized expense of $116,569.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Park District contributions and earnings on Park District contributions based on the following schedule:

Years of Creditable Service	Vested Portion
Less than 1 year	0%
Less than 2 years	20%
Less than 3 years	40%
Less than 4 years	60%
Less than 5 years	80%
5 years of more	100%

Non-vested contributions are forfeited following a five-year period of severance. Such forfeitures are used to make restorations for rehired participants and to reduce employer contributions or to correct errors, omissions and exclusions. For the year ended December 31, 2019, forfeitures reduced the Park District's plan expense by $12,251.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

North Dakota Public Employees Retirement System – OPEB Plan

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 Highway Patrolmen's Retirement System (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 percent of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99 percent 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 percent of their covered compensation to the Retiree Health Insurance Credit Fund (RHIC). 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 $34,686 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2019, 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 July 1, 2019 the Employer's proportion was 0.043185 percent, which was an increase of 0.043185 percent from its proportion measured as of July 1, 2018.

For the year ended December 31, 2019 the Employer recognized OPEB expense of $8,511. At December 31, 2019, 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	$ 856	$ (1,084)
Changes of assumptions	4,134	-
Net difference between projected and actual earnings on OPEB plan investments	39	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,657	-
Employer contributions subsequent to the measurement date	4,379	-
Total	$ 33,065	$ (1,084)

$4,379 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	$	4,432
2021		4,432
2022		4,755
2023		4,696
2024		4,332
2025		4,068
Thereafter		887
	$	27,602

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 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, 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 percent.

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 percent	6.00 percent
Small Cap Domestic Equities	6 percent	7.30 percent
Domestic Fixed Income	40 percent	2.07 percent
International Equities	21 percent	6.95 percent

Discount rate

The discount rate used to measure the total OPEB liability was 7.25 percent. 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 July 1, 2019, calculated using the discount rate of 7.25 percent, 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	$ 44,272	$ 34,686	$ 26,480

OPEB plan fiduciary net position

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

NOTE 10 TRANSFER OF OPERATIONS

Effective April 1, 2019, the City of Minot transferred the operations of the recreation department to the City of Minot Park District. The District recognized the following amounts as a result of the transfer:

- Capital assets of $1,378,642
- Accumulated depreciation of $856,564
- Special item on government-wide statement of activities of $522,078

NOTE 11 INTERFUND TRANSFERS

At December 31, 2019, the general fund transferred $4,109,314 to the Refunding Improvement Bonds, Series 2018A to cover deficit fund balances.

NOTE 12 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded to decrease the net pension liability and increase government-wide net position by $484,963. The prior period adjustment was a result of changing the valuation date of the prior year CEPP pension liability from January 1, 2019 to January 1, 2018.

NOTE 13 RISK MANAGEMENT

The City of Minot Park District 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.

The District participates in the North Dakota Insurance Reserve Fund (NDIRF), which provides liability coverage to the District.

The current policy has various deductibles. The NDIRF was established during 1986 to assist state agencies and political subdivisions within the State of North Dakota in obtaining liability insurance at reasonable rates. Each participating entity is entitled to one vote per $1,000 of annual fund contribution, provided that each entity receives at least one vote and all fractions are rounded to the nearest whole vote. The NDIRF is governed by a 9-member board of directors that is elected by the participants in such a manner to ensure a cross-section from the various types of participating entities. To establish the fund, each entity was required to purchase a surplus note. The note matured during 1991. The District receives conferment of benefits towards its insurance premiums as payment on the surplus note.

Also, when accumulated reserves exceed the actuarial estimated reserves, the excess may be distributed to the entities.

The District continues to carry commercial insurance for all other risks of loss, including workers compensation, auto insurance, employee health, and accident insurance.

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

NOTE 14 NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

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. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 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. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities,* be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans,* or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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

NOTE 15 COMMITMENTS

The District has three contracts for the construction of the Lion & Tiger Zoo Exhibit totaling approximately $4,935,000, with remaining costs to be paid of approximately $130,000.

NOTE 16 SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Federal, state and local governments have since implemented various restrictions on travel, public gatherings and business operations. Restrictions and government social distancing recommendations have significantly impacted the activities of the District. While the District expects this matter to negatively impact its results of operations and financial condition, the extent of the impact is uncertain.

Subsequent events have been evaluated through December 17, 2020, which is the date these financial statements were available to be issued.

CITY OF MINOT PARK DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual Amounts, Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Local property taxes	$ 6,496,663	$ 6,940,224	$ 443,561
State revenue	489,219	625,719	136,500
Charges for services	2,659,611	1,880,241	(779,370)
Grants and contributions	95,000	1,309,749	1,214,749
Investment income	60,000	192,111	132,111
Other income	12,500	225,072	212,572
Total revenues	9,812,993	11,173,116	1,360,123
EXPENDITURES			
Park operations	7,838,458	7,103,744	734,714
Recreation	1,328,519	181,916	1,146,603
Capital outlay	661,136	3,089,018	(2,427,882)
Debt service	1,375,731	679,184	696,547
Total expenditures	11,203,844	11,053,862	149,982
Excess revenue over (under) expenditures	(1,390,851)	119,254	1,510,105
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	1,110,288	1,110,288
Operating transfers out	-	(4,109,314)	(4,109,314)
Total other financing sources (uses)	-	(2,999,026)	(2,999,026)
Net change in fund balances	(1,390,851)	(2,879,772)	(1,488,921)
Fund balances - beginning of year	8,485,636	8,485,636	-
Fund balances - end of year	$ 7,094,785	$ 5,605,864	$ (1,488,921)

See Notes to the Required Supplementary Information

CITY OF MINOT PARK DISTRICT
SCHEDULES OF EMPLOYER' S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*^

City Employee Pension Plan (CEPP)

	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability	Employer's covered-employee payroll	Employer's porportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	7.994401%	$ 5,607,449	$1,080,608	519%	55.89%
2018	8.174460%	5,015,257	1,156,782	434%	48.79%
2017	8.146720%	5,319,564	1,211,261	439%	54.11%
2016	8.173988%	5,280,772	1,724,240	306%	49.47%
2015	7.951809%	4,570,055	2,133,363	214%	48.63%

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

North Dakota Public Employees Retirement System

	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability	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
2019	0.046328%	$ 542,998	$ 481,887	112.68%	71.66%

^The District joined NDPERS Main System and RHIC plans effective January 1, 2019.

SCHEDULE OF EMPLOYER' S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS^

	Employer's proportion of the net OPEB liability	Employer's proportionate share of the net OPEB liability	Employer's covered-employee payroll	Employer's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.043185%	$ 34,686	$ 481,887	7.20%	63.13%

^The District joined NDPERS Main System and RHIC plans effective January 1, 2019.

See Notes to the Required Supplementary Information

CITY OF MINOT PARK DISTRICT
SCHEDULES OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS*^

City Employee Pension Plan (CEPP)

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2019	$ 494,803	$ (494,550)	$ 253	$ 1,319,475	37.48%
2018	226,928	(227,789)	(861)	1,080,608	21.08%
2017	424,170	(240,961)	183,209	1,156,782	20.83%
2016	414,209	(264,662)	149,547	1,211,261	21.85%
2015	385,974	(257,153)	128,821	1,724,240	14.91%

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

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
2019	$ 36,723	$ (36,723)	$ -	$ 515,771	7.12%

^The District joined NDPERS Main System and RHIC plans effective January 1, 2019

SCHEDULE OF EMPLOYER CONTRIBUTIONS
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
2019	$ 5,880	$ (5,880)	$ -	$ 515,771	1.14%

^The District joined NDPERS Main System and RHIC plans effective January 1, 2019

See Notes to the Required Supplementary Information

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

On or before September 30 of each year, a budget is prepared for the subsequent year. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next year. All annual appropriations lapse at fiscal year end.

Before October 1, the proposed budget is presented to the Park District's commissioners for review. The Park District holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the commissioners. The final budget is adopted by October 1, and a copy is submitted to the county auditor by October 10.

Expenditures may not legally exceed budgeted appropriations at the fund level.

NOTE 2 BUDGETARY BASIS OF ACCOUNTING

To provide a meaningful comparison of the District’s actual results compared to the budgeted results, the Budgetary Comparison Schedule – General Fund is prepared on the District’s budgetary basis. Under the District’s budgetary basis of accounting, revenues and expenses are budgeted on the cash basis of accounting.

The General Fund and special revenue funds adopt budgets before the start of each calendar year. No budgetary information is shown for non-major funds.

Budgeted Inflows and Outflows

Listed below is a reconciliation between the revenues and expenditures as presented in the District’s Statement of Revenues, Expenditures, and Changes in Fund Balance and the budgetary inflows and outflows presented in the Budgetary Comparison Schedule for the General Fund.

Sources / Inflows of Resources	
Actual revenues (budgetary basis) presented on the Budgetary Comparison Schedule.	$ 11,173,116
Differences - budget to GAAP:	
Net effect of December 31, 2018 and 2019 revenue recorded when measurable and available on the revenue statement but not recorded as revenue on the budget statement until collected.	225,179
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	$ 11,398,295

Uses / Outflows of Resources

Actual expenditures (budgetary basis) presented on the Budgetary Comparison Schedule	$ 11,053,862
Differences - budget to GAAP:	
Net effect of December 31, 2018 and 2019 liabilities that are paid from "available resources" and are recognized as an expenditure when the obligation is incurred on the revenue statement but not recorded on the budget statement until paid.	311,779
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	$ 11,365,641

NOTE 3 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Pension

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 percent to 7.50 percent

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

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, 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 percent to 7.25 percent

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

CITY OF MINOT PARK DISTRICT
TAX LEVIES AND UNCOLLECTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Year of Levy	Amount of Levy	Uncollected	Percent Uncollected
General Fund	2017	5,571,740	$ 68,879	1.24%
	2018	5,244,796	175,453	3.35%
			244,332	
Debt Service Fund	2017	1,325,307	15,469	1.17%
	2018	1,282,163	40,455	3.16%
			55,924	
Flood Bond Fund	2017	304,535	3,605	1.18%
	2018	299,585	8,457	2.82%
			12,062	
			$ 312,318	

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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 Board of Directors,
City of Minot Park District
Minot, North Dakota

We have audited, in accordance with the 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 the City of Minot Park District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item #2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Minot Park District's Response to Findings
The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Anderson ZurMuehlen & Co., P.C.

Great Falls, Montana
December 17, 2020

Finding #2019-001

Criteria: Generally, a system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition: There is not a system in place for accounting duties to be properly segregated between custody, record keeping and reconciliation.

Cause: The size of the District in addition to budget constraints limit the number of personnel within the accounting department.

Effect: The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation: The control structure should be reviewed periodically and consideration given on how to improve the District's segregation of duties. Compensating controls over the underlying financial information may be obtained by hiring additional personnel and/or oversight by the Park Board.

Management Response: At this time, it would not be cost effective to bring on another employee to allow for proper segregation of duties, but if growth continues and more of a need is presented, it will be reviewed again at that time.

Previously noted deficiencies of the City of Minot Park District, and their current status, are as follows:

Finding #2018-001

Financial statements and adjusting journal entries prepared by auditor – Implemented

Finding #2018-002

Segregation of duties – Not implemented – See current year finding on page 52