

**CITY OF MINOT PARK DISTRICT  
MINOT, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

## TABLE OF CONTENTS

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements	
Balance Sheet	6
Reconciliation of Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance	8
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance with the Government-Wide Statement of Activities	9
Notes to the Financial Statements	10
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund	45
Schedules of Employer's Proportionate Share of Net Pension Liability	46
Schedules of Employer's Proportionate Share of Net OPEB Liability	46
Schedules of Employer Contributions - Pensions	47
Schedules of Employer Contributions – OPEB	47
Notes to the Required Supplementary Information	48
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	51
Schedule of Findings and Responses	53
Schedule of Prior Audit Findings	55

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Minot Park District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Minot Park District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the City of Minot Park District, as of December 31, 2021, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Minot Park District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Minot Park District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Minot Park District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Minot Park District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the missing information.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of the City of Minot Park 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 City of Minot Park 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 City of Minot Park District's internal control over financial reporting and compliance.



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

September 22, 2022

**CITY OF MINOT PARK DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 6,230,202
Due from County	70,750
Taxes Receivable	282,919
	<u>6,583,871</u>
Capital Assets	
Construction in Progress	3,609,898
Non-Depreciable Capital Assets	8,962,160
Net Depreciable Capital Assets	51,859,608
Total	<u>64,431,666</u>
Restricted Assets	
Foundation Cash and Cash Equivalents	142,948
Foundation Investments	1,028,730
Total	<u>1,171,678</u>
<b>Total Assets</b>	<b><u>72,187,215</u></b>
<b>Deferred Outflows of Resources</b>	
Cost-Sharing - Pensions	4,214,729
Cost-Sharing - OPEB	59,853
<b>Total Deferred Outflows of Resources</b>	<b><u>4,274,582</u></b>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	606,798
Accrued Payroll	99,162
Accrued Payroll Taxes and Other Withholding	43,665
Accrued Compensated Absences	43,704
Accrued Interest Payable	116,222
Current Portion of Long-Term Debt	2,222,946
Unearned Revenue	6,000
Total	<u>3,138,497</u>
Non-Current Liabilities	
Net Pension Liability	6,909,156
Net OPEB Liability	55,378
Unamortized Premiums/Discounts	315,720
Net Long-Term Debt	19,809,205
Total	<u>27,089,459</u>
<b>Total Liabilities</b>	<b><u>30,227,956</u></b>
<b>Deferred Inflows of Resources</b>	
Cost-Sharing - Pension	3,353,247
Cost-Sharing - OPEB	20,492
<b>Total Deferred Inflows of Resources</b>	<b><u>3,373,739</u></b>
<b>Net Position</b>	
Net Investments in Capital Assets	41,967,574
Minot Park District Foundation	1,171,678
Debt Service	13,321
Capital Projects	691,197
Unrestricted	(983,668)
<b>Total Fund Balance</b>	<b><u>\$ 42,860,102</u></b>

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	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	\$ 12,494,486	\$ 2,510,428	\$ 109,000	\$ 475,107	\$ (9,399,951)
Recreation	2,099,998	483,140	-	-	(1,616,859)
Interest on Long-Term Debt	500,203	-	-	-	(500,203)
Total Governmental Activities`	<u>\$ 15,094,687</u>	<u>\$ 2,993,568</u>	<u>\$ 109,000</u>	<u>\$ 475,107</u>	<u>(11,517,013)</u>
General Revenues					
Taxes:					
Property Taxes					8,954,479
State Revenue not restricted for a specific purpose					520,709
Investment Earnings (Loss)					89,821
Miscellaneous					13,250
Total General Revenues and Specific Items					<u>9,578,259</u>
Change in Net Position					(1,938,754)
Net Position - Beginning of Year					<u>44,798,856</u>
Net Position - End of Year					<u><u>\$ 42,860,102</u></u>

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**BALANCE SHEET**  
**DECEMBER 31, 2021**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Foundation</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 5,202,499	\$ -	\$ 1,027,703	\$ -	\$ 6,230,202
Due from County	55,151	13,321	2,278	-	70,750
Taxes Receivable	219,081	53,719	10,119	-	282,919
	<b>5,476,731</b>	<b>67,040</b>	<b>1,040,100</b>	<b>-</b>	<b>6,583,871</b>
<b>Restricted Assets</b>					
Foundation Cash and Cash Equivalents	-	-	-	142,948	142,948
Foundation Investments	-	-	-	1,028,730	1,028,730
Total	-	-	-	1,171,678	1,171,678
<b>Total Assets</b>	<b>\$ 5,476,731</b>	<b>\$ 67,040</b>	<b>\$ 1,040,100</b>	<b>\$ 1,171,678</b>	<b>\$ 7,755,549</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 268,014	\$ -	\$ 338,784	\$ -	\$ 606,798
Accrued Payroll	99,162	-	-	-	99,162
Accrued Payroll Taxes and Other Withholding	43,665	-	-	-	43,665
Unearned Revenue	6,000	-	-	-	6,000
Total	416,841	-	338,784	-	755,625
Deferred Inflows of Resources					
Deferred Inflows of Resources - Taxes	219,081	53,719	10,119	-	282,919
Total	219,081	53,719	10,119	-	282,919
<b>Total Liabilities</b>	<b>635,922</b>	<b>53,719</b>	<b>348,903</b>	<b>-</b>	<b>1,038,544</b>
<b>Fund Balance</b>					
<b>Restricted For:</b>					
Minot Park District Foundation	-	-	-	1,171,678	1,171,678
Debt Service	-	13,321	-	-	13,321
Capital Projects	-	-	691,197	-	691,197
Unassigned	4,840,809	-	-	-	4,840,809
<b>Total Fund Balance</b>	<b>\$ 4,840,809</b>	<b>\$ 13,321</b>	<b>\$ 691,197</b>	<b>\$ 1,171,678</b>	<b>\$ 6,717,005</b>

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, 2021**

Total Governmental Funds Balance		\$ 6,717,005
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.		64,431,666
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		282,919
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.		4,274,582
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.		(315,720)
Long-Term liabilities are not due and payable in the current period and therefore are not included in the funds.		
Accrued Compensated Absences	(43,704)	
Accrued Interest Payable	(116,222)	
Long-Term Debt	(22,032,151)	
Net Pension Liability	(6,909,156)	
Net OPEB Liability	(55,378)	
Total	(29,156,611)	(29,156,611)
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.		(3,373,739)
Net Position of Governmental Activities		\$ 42,860,102

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, 2021**

	General	Debt Service	Capital Projects	Foundation	Total Governmental Funds
<b>Revenues</b>					
Tax Revenue	\$ 6,880,474	\$ 1,715,006	\$ 424,686	\$ -	\$ 9,020,166
Charges for Services	2,734,999	-	-	-	2,734,999
State Revenue	520,709	-	-	-	520,709
Grants and Contributions	200,581	-	-	349,662	550,243
Investment Income	9,186	-	-	80,635	89,821
Miscellaneous	271,819	-	-	-	271,819
<b>Total Revenues</b>	<b>10,617,768</b>	<b>1,715,006</b>	<b>424,686</b>	<b>430,297</b>	<b>13,187,757</b>
<b>Expenditures</b>					
Park Operations	7,890,409	-	41,040	14,351	7,945,800
Recreation	1,763,419	-	3,496	-	1,766,915
Capital Outlay	-	-	1,889,558	10,899	1,900,457
Debt Interest Expense	282,709	250,034	-	31,425	564,168
Bond Expenses	5,800	-	-	-	5,800
Debt Principal Payment	716,988	1,495,000	-	-	2,211,988
Capital Leases	33,995	-	-	-	33,995
<b>Total Expenses</b>	<b>10,693,320</b>	<b>1,745,034</b>	<b>1,934,094</b>	<b>56,675</b>	<b>14,429,123</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	1,046,608	-	1,939,681	-	2,986,289
Operating Transfers Out	(1,939,681)	(1,046,608)	-	-	(2,986,289)
Total	(893,073)	(1,046,608)	1,939,681	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(968,625)</b>	<b>(1,076,636)</b>	<b>430,273</b>	<b>373,622</b>	<b>(1,241,366)</b>
<b>BEGINNING FUND BALANCE</b>	<b>5,809,435</b>	<b>1,089,957</b>	<b>260,923</b>	<b>798,056</b>	<b>7,958,371</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 4,840,810</b>	<b>\$ 13,321</b>	<b>\$ 691,196</b>	<b>\$ 1,171,678</b>	<b>\$ 6,717,005</b>

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, 2021**

Net change in fund balance - governmental funds		\$ (1,241,366)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital Asset Additions	1,900,457	
Current Year Depreciation	(3,235,617)	
Total		(1,335,160)
<p>Governmental funds do not report donated Capital assets as expenditures or Revenue. However, the statement of activities, donations of capital assets are recorded as donation revenue.</p>		
		33,863
<p>Revenues in the Statement of Activates that do not provide current financial resources are not reported as revenues in the funds. This consists of delinquent property taxes.</p>		
		(65,688)
<p>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.</p>		
Net increase in accrued compensated absences	28,733	
Amortization of premium/discount on bond issues	41,608	
Net decrease in accrued interest payable	(9,069)	
Net increase in Net Pension Liability	1,952,999	
Net Increase in Net OPEB liability	28,119	
Total		2,042,390
<p>Changes in deferred outflows relating to cost-sharing defined benefit plans</p>		
		186,255
<p>Changes in deferred inflows relating to cost sharing defined benefit plans</p>		
		(2,516,900)
<p>Long-Term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.</p>		
		(1,288,131)
<p>Repayment on Long-Term debt consumes the current financial resources of the governmental funds. However, there is no effect on Net Position</p>		
		2,245,983
Change in Net Position of Governmental Activities		\$(1,938,754)

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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 December 31, 2021, are as follows:

	<u>Office</u>	<u>Monthly Compensation</u>
Mike Schmitt	President	\$ 300
Ken Kitzman	Vice President	300
Cliff Hovda	Commissioner	300
Chuck Emery	Commissioner	300
Perry Olson	Commissioner	300
Ron Merritt	Director of Parks	11,235
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 Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the 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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

*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.

Debt Service Fund – the debt service fund of the District. It accounts for all financial resources used to cover principal and interest payments of Special Assessment and General Obligation Bonds.

Capital Projects Fund – Capital projects fund of the District. It accounts for all financial resources used to cover expenditures on Capital Projects.

**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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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, 2021.

**Taxes Receivable**

Taxes receivable consist of delinquent uncollected taxes at December 31, 2021, and are recorded as deferred inflows of resources in the governmental funds and recognized as revenue in the government-wide financial statements.

**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 acquisition 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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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.

**CITY OF MINOT PARK DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021

**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



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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, 2021. 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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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.

**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, 2021, the District had approximately \$5.4 million in excess of the FDIC and NCUA limits on deposit. Deposits in excess of the FDIC and NCUA limits were covered by pledged securities that exceed 110% of the uninsured values.

**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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**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.

At December 31, 2021, 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	1,028,730	1,028,730	-	-	-
Investments not subject to Categorization					
Money Market Funds	142,948				
	<u>1,171,678</u>				

**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 assumptions 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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

The table below presents the balances of investments measured at fair value on a recurring basis as of December 31, 2021.

	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Fixed Income Securities	468,264	468,264	-	-
Alternative Securities	157,875	157,875	-	-
Equity Mutual Fund	402,591	402,591	-	-
<b>Total Assets at Fair Value</b>	<b>1,028,730</b>	<b>1,028,730</b>	<b>-</b>	<b>-</b>

**NOTE 5 CAPITAL ASSETS**

The following is a summary of equipment held under capital leases at December 31, 2021. Accumulated amortization is included in depreciation on the government wide financial statements.

Golf Course Equipment	65,864
Zoo - Equipment	58,240
Less: Accumulated Depreciation	(18,049)
	<u>106,055</u>

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Additions	Deletions	Transfers	Balance 12/31/2021
Construction in Progress	\$ 3,521,834	\$ 3,271,728	\$ -	\$ (3,183,664)	\$ 3,609,898
Capital Assets Not Being Depreciated:					
Land and Special Assessments	\$ 8,962,160	\$ -	\$ -	\$ -	\$ 8,962,160
Total Capital Assets Not Being Depreciated	\$ 8,962,160	\$ -	\$ -	\$ -	\$ 8,962,160
Capital Assets Being Depreciated					
Buildings	\$ 37,020,276	\$ 119,068	\$ -	\$ -	\$ 37,139,344
Vehicles	1,556,548	71,614	(18,324)	-	1,609,838
Equipment	2,347,007	276,023	(61,195)	-	2,561,835
Furniture and Fixtures	3,594,363	96,804	-	-	3,691,167
Improvements	21,991,473	639,303	-	3,183,664	25,814,440
Strategic Planning	484,264	67,500	-	-	551,764
Total Capital Assets Being Depreciated	\$ 66,993,931	\$ 1,270,312	\$ (79,519)	\$ 3,183,664	\$ 71,368,388
Less Accumulated Depreciation					
Buildings	\$ 6,564,758	\$ 1,038,035	\$ -	\$ -	\$ 7,602,793
Vehicles	1,007,241	131,132	(18,324)	-	1,120,049
Equipment	1,646,769	194,502	(61,195)	-	1,780,076
Furniture and Fixtures	1,287,549	744,668	-	-	2,032,217
Improvements	5,718,121	1,108,254	-	-	6,826,375
Strategic Planning	128,244	19,026	-	-	147,270
Total Accumulated Depreciation	\$ 16,352,682	\$ 3,235,617	\$ (79,519)	\$ -	\$ 19,508,780
Total Capital Assets Being Depreciated, Net	\$ 50,641,249	\$ 1,218,358	\$ -	\$ -	\$ 51,859,608
Governmental Capital Assets, Net	\$ 63,125,243	\$ 1,306,422	\$ -	\$ -	\$ 64,431,666

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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

Park Operations	\$ 3,129,855
Recreation	105,762
	\$ 3,235,617

**NOTE 6 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 two general obligation bonds outstanding at December 31, 2021. The bonds are for flood restoration projects related to the flood of 2011 and construction and improvement of park facilities. Information on these bonds at December 31, 2021 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.	\$ 1,550,000
General Obligation Bond, issued May 19, 2020 principal and interest due annually beginning May 1, 2021 through May 1, 2040. Interest rate 2.00%. Payments are made by the associated debt service fund.	3,140,000
Total General Obligation Bonds	\$ 4,690,000

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**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, 2021 are as follows:

<p>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%.</p>	<p>\$ 1,155,000</p>
<p>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% - 2.25%.</p>	<p>640,000</p>
<p>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%.</p>	<p>515,000</p>
<p>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%.</p>	<p>1,060,000</p>
<p>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%.</p>	<p>555,000</p>
<p>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%.</p>	<p>1,755,000</p>
<p>Refunding Improvement Bond, issued August 9, 2021 by the  City of Minot for Park District projects for a total value of \$4,300,441.  Projects are in progress and payments are estimated to start in 2023.  Interest varies from 3.00% to 4.00%.</p>	<p>2,520,760</p>
<p>Total Special Assessment Debt</p>	<p><u>\$ 8,200,760</u></p>

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**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, 2021 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.	\$	5,075,000
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.		1,980,000
Total Gross Revenue Debt	\$	7,055,000

**Contract for Deed**

The District has a contract for deed outstanding for the purchase of MAYSA land. Information on this deed at December 31, 2021 is as follows:

Contract for Deed dated August 1, 2019, principal and interest due annually beginning September 1, 2020 through September 1, 2030, interest 4.25%. Payments are made by the General Fund.	\$	915,025
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**Promissory Note**

The District has a promissory note outstanding for uncollectible pledges for the MAYSA project for which the District was a guarantor. Information on this note at December 31, 2021 is as follows:

Promissory note dated October 21, 2021, principal and interest due annually beginning November 30, 2021 through November 30, 2027, interest 3.05%. Payments are made by the General Fund.	\$	1,090,555
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**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**Capital Leases**

The District has capital leases for a vehicle and several golf equipment items. Capital leases as of December 31, 2021 are as follows.

Capital Lease for Toro Greenspro Roller 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.	\$	2,515
Capital lease for Toro 2500 Topdresser, issued March 3, 2020, principal and interest due annually beginning March 3, 2020 through March 3, 2024, interest at 5.10%. Payments are made by the General Fund.		7,501
Capital Lease for Toro Topdresser, issued April 24, 2020, principal and interest due annually beginning April 24, 2020 through April 24, 2024, interest at 5.10%. Payments are made by the general fund.		7,501
Capital lease for three Toro utility vehicles, issued March 1, 2021 principal and interest due annually beginning March 1, 2021 through March 1, 2023, interest at 4.39%. Payments are made by the General Fund.		18,732
Capital lease for the Zoo Radiograph, issued Jan 1, 2021 principal and interest due monthly beginning Jan 1, 2021 through December 1, 2024, interest at 4.38%. Payments are made by the General Fund.		44,562
		44,562
Total Capital Lease Debt	\$	80,811

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**Future Maturities**

The anticipated annual requirements to pay existing debt as of December 31, 2021 is as follows:

	<b>G.O. Bonds</b>		<b>Special Assessment Bonds</b>		<b>Revenue Bonds</b>	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 380,000	\$ 93,800	\$ 1,105,000	\$ 140,329	\$ 440,000	\$ 223,368
2023	390,000	86,200	1,255,000	259,351	450,000	210,842
2024	400,000	78,400	1,095,000	226,831	460,000	197,865
2025	405,000	70,400	940,000	197,394	480,000	184,445
2026	415,000	62,300	805,000	170,306	490,000	170,045
2027-2031	1,065,000	217,100	2,160,760	459,906	2,240,000	645,630
2032-2036	875,000	129,100	580,000	106,219	2,200,000	259,931
2037-2041	760,000	38,300	260,000	13,650	295,000	16,688
<b>Total</b>	<b>\$ 4,690,000</b>	<b>\$ 775,600</b>	<b>\$ 8,200,760</b>	<b>\$ 1,573,986</b>	<b>\$ 7,055,000</b>	<b>\$ 1,908,814</b>

	<b>Contract for Deed</b>		<b>Promissory Note</b>		<b>Capital Lease</b>		<b>Total</b>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$98,425	\$38,889	\$168,679	\$33,262	\$30,842	\$3,776	\$2,222,946	\$533,424
2023	102,608	34,705	173,824	28,117	29,748	2,217	2,401,180	621,432
2024	106,968	30,345	179,125	22,816	20,221	732	2,261,314	556,989
2025	111,515	25,798	184,589	17,352	-	-	2,121,104	495,389
2026	116,254	21,059	190,219	11,722	-	-	2,016,473	435,432
2027-2031	379,255	32,684	194,119	7,823	-	-	6,039,134	1,363,143
2032-2036	-	-	-	-	-	-	3,655,000	495,250
2037-2041	-	-	-	-	-	-	1,315,000	68,638
<b>Total</b>	<b>\$915,025</b>	<b>\$183,480</b>	<b>\$1,090,555</b>	<b>\$121,092</b>	<b>\$80,811</b>	<b>\$6,725</b>	<b>\$22,032,151</b>	<b>\$4,569,697</b>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<b>Balance 1/1/2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2021</b>	<b>Due within One Year</b>
Long-Term Debt:					
General Obligation Bonds	5,070,000	-	(380,000)	4,690,000	380,000
Special Assessment Bonds	6,795,000	2,520,760	(1,115,000)	8,200,760	1,105,000
Gross Revenue Bonds	7,480,000	-	(425,000)	7,055,000	440,000
Contract for Deed	1,009,437	-	(94,412)	915,025	98,425
Promissory Note	-	1,288,131	(197,576)	1,090,555	168,679
Capital Lease	27,846	86,960	(33,995)	80,811	30,842
<b>Total Long-Term Debt</b>	<b>20,382,283</b>	<b>3,895,850</b>	<b>(2,245,983)</b>	<b>22,032,151</b>	<b>2,222,946</b>
Unamortized Premium/Discount	357,328		(41,608)	315,720	-
<b>Total Long-Term Liabilities</b>	<b>20,739,611</b>	<b>3,895,850</b>	<b>(2,287,591)</b>	<b>22,347,871</b>	<b>2,222,946</b>

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

The Park District had a line of credit available of \$2,400,000. There was nothing outstanding as of December 31, 2021. The line of credit matures on February 1, 2025 and carries an interest rate of 4.50 percent.

The Park District has signed to be the guarantor of debt taken to fund the construction of the Magic City Discovery Center while they are collecting donations and grants. As of December 31, 2021 the balance on that line of credit was \$470,000. The line of credit has a fixed rate of 4.5% interest and matures on December 31, 2022.

**NOTE 7    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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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 42.25 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 (23 years remaining as of January 1, 2021) respectively on the unfunded liability at January 1, 2021.

*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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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, 2021:

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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

*Rate of Return.* During 2020, the market value rate of return was 14.3%. The actuarial value of assets includes some recognition of the 2016, and 2018 investment losses, and partially recognizes the 2017, 2019 and 2020 investment gain. The actuarial value of assets rate of return for 2020 was 10.0%. This created a \$2.0 million actuarial asset gain during 2020.

*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.

<u>Assumptions</u>	
Valuation Date	January 1, 2021
Measurement Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount
Remaining Amortization Period	30 year closed period (23 years remain as of 1/1/2021)
Asset Valuation Method - Smoothing	5 Years gains and losses
Investment Rate of Return	7.50%
Projected Salary Increases	0-4 Years of Service - 7.0%
	5-12 Years of Service - 4.5%
	13+ Years of Service - 4.0%
Cost of Living Adjustments	1% After age 65
Marriage Rate	85%
Spouse Age Differential	Males are assumed to be 3 years older than spouses
Mortality Rate	Mortality rates are based on the Pub-2010 and PUB-2010 Mortality Tables with Projection Scale MP-2020

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

*Pension Costs.* At December 31, 2021 the Park District reported a liability of \$5,510,993 for its proportionate share of the CEPP's net pension liability. The net pension liability was measured as of January 1, 2021, 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, 2021, the Park District's proportionate share was 9.024249 percent which was the same percent from its proportion measured as of January 1, 2020.

For the year ended December 31, 2021, the Park District recognized pension expense of \$20,259 for its proportionate share of the CEPP's pension expense. At December 31, 2021, 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	166,215	-
Changes in Assumptions	274,398	-
Net difference between projected and actual earnings on pension plan investments	-	(647,014)
Changes in proportion and differences between employer contributions and proportionate share of contributions	503,672	(27,364)
Employer contributions subsequent to measurement date	547,286	-
Total	1,491,571	(674,378)

\$ 547,286 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 ending December 31, 2022.

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 Ending December 31:		
2022		5,602
2023		72,338
2024		(192,808)
2025		384,775
		269,907
		269,907

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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):

*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.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Employer's Proportionate share of the net pension liability	7,094,978	5,510,993	4,185,497

**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 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



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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

At December 31, 2021, the Employer reported a liability of \$1,398,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the Employer's proportion was 0.13414 percent, which was an increase of 0.03157 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Employer recognized pension expense of \$586,136. At December 31, 2021, 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	24,140	(142,702)
Changes in Assumptions	1,547,495	(2,017,610)
Net difference between projected and actual earnings on pension plan investments	-	(518,557)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,085,960	-
Employer contributions subsequent to measurement date	65,563	-
Total	2,723,158	(2,678,869)

\$65,563 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022.

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 Ending December 31:		
	2022	203,262
	2023	115,327
	2024	77,421
	2025	(417,284)

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

***Actuarial assumptions***

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

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

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.00%
International Equity	6.70%
Private Equity	9.50%
Domestic Fixed Income	0.73%
Global Real Assets	4.77%
Cash Equivalents	0.00%

***Discount rate***

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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

For the purpose of this valuation the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00% from June 30, 2021.

***Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate***

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Employer's Proportionate share of the net pension liability	2,223,516	1,398,163	710,889

***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, 2021, Park District employee contributions totaled \$21,825.99 and the Park District recognized expense of \$42,738.97.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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 or 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, 2021, there were no forfeitures recognized by the District.

**NOTE 8 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.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**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, 2021, the Employer reported a liability of \$55,378 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2021 the Employer's proportion was 0.099570 percent, which was an increase of 0.00031 percent from its proportion measured as of July 1, 2020.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

For the year ended December 31, 2021 the Employer recognized OPEB expense of \$18,038. At December 31, 2021, 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	3,180	(1,518)
Changes in Assumptions	8,576	-
Net difference between projected and actual earnings on pension plan investments	-	(18,974)
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,314	-
Employer contributions subsequent to measurement date	6,783	-
Total	59,853	(20,492)

\$6,783 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

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 Ending December 31:

2022	9,323
2023	9,186
2024	8,348
2025	4,548
2026	1,176
	32,581

***Actuarial assumptions***

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

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

Mortality Rates: For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.<sup>3</sup>

Investment Rate of Return:

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

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

***Discount rate***

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

***Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate***

The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

	<b>1% Decrease (5.5%)</b>	<b>Current Discount Rate (6.5%)</b>	<b>1% Increase (7.5%)</b>
Employer's Proportionate share of the net pension liability	82,133	55,378	32,740

***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 9 INTERFUND TRANSFERS**

At December 31, 2021, the debt service fund transferred \$1,046,608 to the General Fund to cover debt expenditures made by the General fund. The General fund transferred 1,939,681 to the Capital Projects to cover the deficit fund balance.

**NOTE 10 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.

**CITY OF MINOT PARK DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021

**NOTE 11 NEW ACCOUNTING PRONOUNCEMENTS**

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

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.

**CITY OF MINOT PARK DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021

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

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

The requirements of this statement are effective as follows:

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

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

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12    COMMITMENTS**

On September 21, 2021 the District board approved plans for the new leopard exhibit at the Roosevelt Park Zoo in the amount of \$3,026,600 which was awarded to Rolac Contracting. As of December 31, 2021 no work had been completed on the project.

On March 10, 2022 the District board approved a bid from Strata Corporation for the new softball concession stand and press box in the amount of \$1,802,941.

The City of Minot has bonded for Paving Improvements at the Magic City Discovery Center and the Outdoor Recreation Area. The total value of this bond is \$4.3 million dollars and as of December 31, 2021 the City has paid \$2.5 million. These projects are both expected to be completed in 2022.

**NOTE 13    SUBSEQUENT EVENTS**

On March 15<sup>th</sup>, 2022 the Minot Park District Board approved the redesigned plans for the South Hill Complex Concessions/Press Box which will start construction in the spring of 2022. On April 19<sup>th</sup>, 2022 the Minot Park District Board approved a \$825,000 bond from Bremer Bank to complete the financing for the project.

On May 17<sup>th</sup>, 2022 the Minot Park District Board approved a \$680,000 bond from Bremer Bank to complete the financing on the new Leopard Exhibit which was approved at the September board meeting in 2021.

Subsequent events have been evaluated through August 19<sup>th</sup>, 2022 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, 2021**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>Revenues</b>			
Tax Revenue	\$ 6,923,696	\$ 6,944,483	\$ 20,787
Charges for Services	2,327,560	2,734,999	407,439
State Revenue	441,158	520,709	79,551
Grants and Contributions	95,000	200,581	105,581
Investment Income	105,000	9,186	(95,814)
Miscellaneous	63,000	271,819	208,819
<b>Total Revenues</b>	<b>9,955,414</b>	<b>10,681,777</b>	<b>726,363</b>
<b>Expenditures</b>			
Park Operations	10,349,531	7,859,865	2,489,666
Recreation	2,412,146	1,763,420	648,726
Debt Interest Expense	-	282,709	(282,709)
Bond Expenses	-	5,800	(5,800)
Debt Principal Payment	796,056	716,988	79,068
Leases	-	33,995	(33,995)
<b>Total Expenses</b>	<b>13,557,733</b>	<b>10,662,777</b>	<b>2,894,956</b>
Other Financing Sources (Uses)			
Operating Transfers In	-	1,046,608	1,046,608
Operating Transfers Out	-	(1,939,681)	(1,939,681)
Total	-	(893,073)	893,073
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (3,602,319)</b>	<b>\$ (874,073)</b>	<b>\$ (2,728,246)</b>

**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 proportionate 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
2021	9.024249%	5,510,993	1,295,351	425%	59.10%
2020	9.024249%	5,635,092	1,319,475	427%	55.89%
2019	7.994401%	5,607,449	1,080,608	519%	48.79%
2018	8.174460%	5,015,257	1,156,782	434%	54.11%
2017	8.146720%	5,319,564	1,211,261	439%	49.47%
2016	8.173988%	5,280,772	1,724,240	306%	48.63%
2015	7.951809%	4,570,055	2,133,363	214%	52.51%

\* Complete date for this schedule is not available 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 as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.134142%	1,398,163	1,519,013	92%	78.26%
2020	0.102576%	3,227,063	1,131,540	285%	48.91%
2019	0.046328%	542,998	481,887	113%	71.66%

\*The District joined NDPERS Main System and RHIC plans effective Jan, 1 2019.

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

	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 as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.099569%	55,378	1,085,559	5.10%	76.63%
2020	0.099260%	83,497	1,131,540	7.38%	63.38%
2019	0.043185%	34,686	481,887	7.20%	63.13%

\*The District joined NDPERS Main System and RHIC plans effective Jan, 1 2019.



**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
2021	547,286	(547,286)	-	1,295,351	42.25%
2020	524,523	(524,636)	(113)	1,398,729	37.51%
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 date for this schedule is not available prior to 2015

**North Dakota Public Employees Retirement System**

	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
2021	115,183	(115,183)	-	1,549,393	7.43%
2020	91,269	(91,269)	-	1,270,378	7.18%
2019	36,723	(36,723)	-	515,771	7.12%

\*The District joined NDPERS Main System and RHIC plans effective Jan, 1 2019.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS**

	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
2021	12,797	(12,797)	-	1,122,520	1.14%
2020	13,665	(13,665)	-	1,198,657	1.14%
2019	5,880	(5,880)	-	515,771	1.14%

\*The District joined NDPERS Main System and RHIC plans effective Jan, 1 2019.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**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.

Actual Revenues (Budgetary Basis) Presented on the Budgetary Comparison Schedule	\$ 10,681,777
Differences - budget to GAAP:	
Net Effect of Dec 31, 2020 and 2021 revenue recorded when measurable and available on the revenue statement but not recorded as revenue on the budgetary statement until collected.	(64,009)
Total revenues as reported on the statement of Revenues, Expenditures and Changes in Fund Balance	\$ 10,617,768

**CITY OF MINOT PARK DISTRICT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
DECEMBER 31, 2021

Actual expenditures (budgetary basis) presented on the Budgetary Comparison Schedule	\$ 10,662,777
Differences - Budget to GAAP:	
Net Effect of December 31, 2020 and 2021 liabilities that are paid from "available resources" and are recognized as an expenditure when obligation is incurred on the revenue statement but not recorded on the budget statement until paid.	<u>30,543</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 10,693,320</u>

**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, 2020.

***Changes of assumptions***

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

**OPEB**

***Changes of benefit terms***

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020

**CITY OF MINOT PARK DISTRICT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
DECEMBER 31, 2021

***Changes of assumptions***

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

**Note 4 City of Minot Employee's Pension Plan**

***Changes of assumptions***

As of 12/31/2020 the Plan updated the mortality from the fully generational RP-2000 mortality table to the Pub-2010 with mortality improvement Scale MP-2020. This change increased the liability by \$4,210,166. There were no other changes in Plan provisions, cost allocation procedures, contribution allocation procedures, assumptions or methods from the January 1, 2020 Valuation. There were no adjustments of prior measurements or use of approximations which would materially impact the results.

Effective January 1, 2014 the Plan has been closed to new participants. As a result of the plan closing, the amortization method was changed from an open 30 year level percentage of payroll method to a 30-year close level dollar method. As of January 1, 2021 there are 23 years remaining in the amortization period.

**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 Commissioners,  
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 and each major fund of City of Minot Park District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Minot Park District's basic financial statements and have issued our report thereon dated September 22, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Minot Park District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Minot Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Minot Park District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Minot Park 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Minot Park District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Minot Park District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Minot Park District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of This Report**

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



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

September 22, 2022

**CITY OF MINOT PARK DISTRICT**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

**2021-001 – Material Adjusting Journal Entries Prepared by Auditor – Material Weakness**

Criteria

An appropriate system of internal controls requires that the District make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with the GAAP basis of accounting.

Condition

During our audit, adjusting journal entries were proposed in order to properly reflect the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cause

The District's internal controls have not been designed to address the specific items that are required to maintain the general ledger accounts in accordance with GAAP.

Effect

An appropriate system of internal controls is not present to make a determination that the general ledger accounts are properly adjusted in compliance with GAAP prior to the audit.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Official and Planned Corrective Actions

At this time, it would not be cost effective to bring on another employee to free up time for the accountant to complete these tasks. If growth continues and more of a need is presented, it will be reviewed again at that time.

**CITY OF MINOT PARK DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**2021-002 – Segregation of Duties – Significant Deficiency**

Criteria

Generally, a system of internal control has the proper separation 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

Size and 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

We recommend the District review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Views of Responsible Officials and Planned Corrective Actions

At this time, it would not be cost effective to bring on another employee to allow for proper segregation, but if growth continues and more of a need is presented, it will be reviewed again at that time. We will be looking into having our treasurer take on some of the review processes to allow for additional control.



**CITY OF MINOT PARK DISTRICT**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**2020-001 – Segregation of Duties – Significant Deficiency**

Criteria

Generally, a system of internal control has the proper separation 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

Size and 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 segregation of duties. Compensating controls over the underlying financial information may be obtained by oversight by the Park Board.

Views of Responsible Officials

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

Current Status

Finding has not been corrected during the current fiscal year.