BISMARCK PARKS AND RECREATION DISTRICT
BISMARCK, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Park Commissioners
Bismarck Parks and Recreation District
Bismarck, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Bismarck Parks and Recreation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the 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 Bismarck Parks and Recreation District, as of December 31, 2022, 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 Bismarck Parks and Recreation 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Bismarck Parks and Recreation District changed its method of accounting for leases due to the adoption of GASB Statement No. 87, *Leases*, see Note 7 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Bismarck Parks and Recreation 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 Bismarck Parks and Recreation 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 Bismarck Parks and Recreation 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 management's discussion and analysis, budgetary comparison schedules, schedule of employer's proportionate share of net pension liability, schedule of employer contributions, schedule of employer's share of net OPEB liability and notes to the required supplementary information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bismarck Parks and Recreation District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and notes, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023 on our consideration of the Bismarck Parks and Recreation 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 Bismarck Parks and Recreation 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 Bismarck Parks and Recreation District's internal control over financial reporting and compliance.

Brady Martz

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

May 15, 2023

This section of the Bismarck Parks and Recreation District's (the District) audited financial statements presents a discussion and analysis of the District's financial performance for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers are encouraged to review the District's basic financial statements, which follow this section, to enhance their understanding of the District's financial performance.

- ***The vision statement of the Bismarck Parks and Recreation District is "To be the leader and premier provider of public parks, programs, facilities and leisure services."***
- ***The mission statement of the Bismarck Parks and Recreation District is "To work with the community to provide residents and visitors the highest quality park, program, facility, and event experience."***

Financial Highlights

- The total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at December 31, 2022 by $65,969,342. Of this amount, $4,828,453 is unrestricted in governmental activities and may be used to meet the District's ongoing obligations. Another $2,219,795 is restricted by constraints imposed on resources either externally or imposed by law and $58,921,094 is invested in capital assets.

- The District's total net position increased by $8,284,471 during the year ended December 31, 2022.

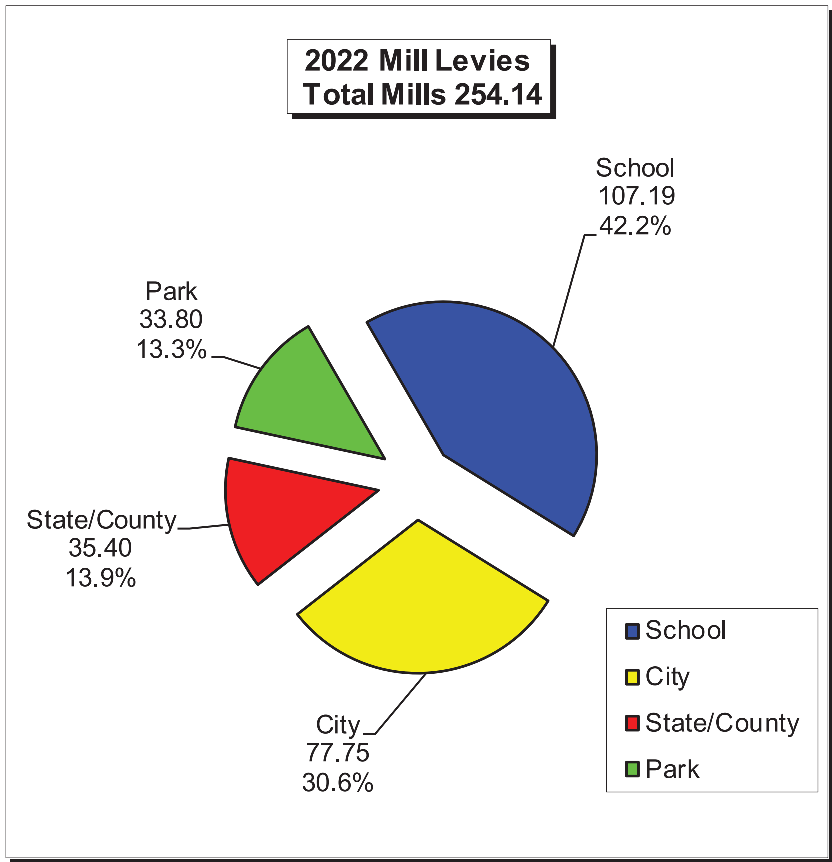
- At December 31, 2022, the District's governmental funds reported combined ending fund balances of $8,923,764, a decrease of $273,607 in comparison with the 2022 year. This decrease is mainly due to the budgeted spend-down of the Special Assessment Fund reserve balance.

- The District had $18,373,991 in general fund revenue and $332,201 in other financing sources. General fund expenditures were $17,391,232 and there were $1,428,000 in other financing uses. Local taxes contributed to 49% of the general fund revenue. Expenditures exceeded revenues and other sources by $113,040.

- At December 31, 2022, the general fund unassigned fund balance was $3,027,761 or 16.1% of total general fund expenditures and transfers out.

- The District's long-term financing debt decreased by $2,298,555 (8 %) during the 2022 year. Special Assessment debt assessed by the City of Bismarck increased by $1,346,087 and included assessments for Promontory Point Park and A. James Silbernagel Memorial Park.

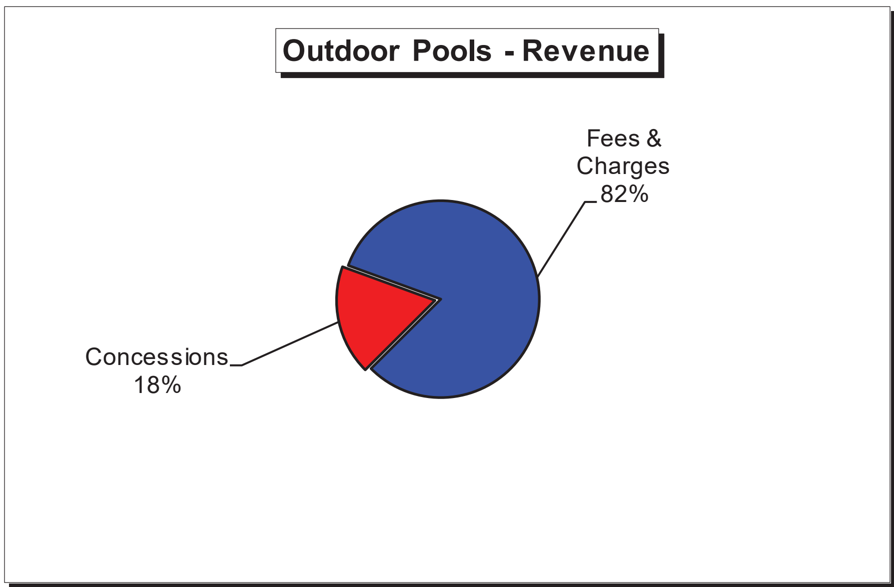
The District receives property tax revenue through the mill levy process. The District's mill levy for 2021 due January 2022 was 33.80 or 13.3% of the total mills levied. The general fund mill levy was 22.33 mills. The following chart indicates the allocation of property tax funds to the major governmental entities.

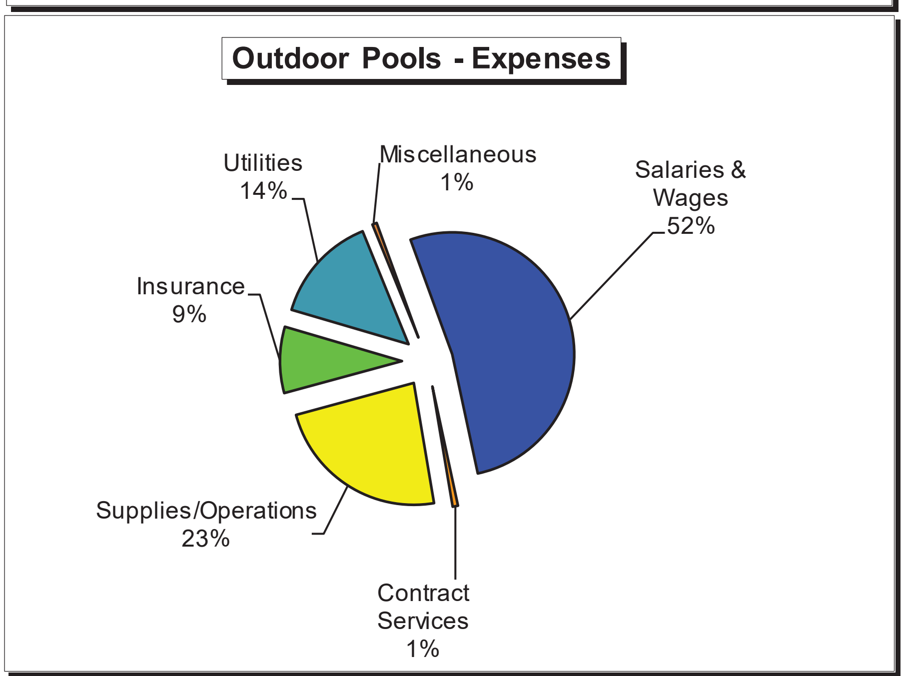


The following is a brief overview of each major operational area of the District with emphasis on financial information and statistics:

Facility Division - *Outdoor Swimming Pools*

- The District operates three swimming pools – Elks Aquatic Center, Hillside Aquatic Complex and Wachter Aquatic Complex. The daily attendance at the three pools was 31,770 for the entire 2022 year, a decrease of 14,206 from 2021. Wachter Pool was open 21 fewer days in 2022 than in 2021 due to delays in getting parts to complete mechanical repairs. Attendance was also lower because not all sessions were open at each pool due to staffing shortages.
- 44% of operating costs of the pools were covered by non-tax revenue.





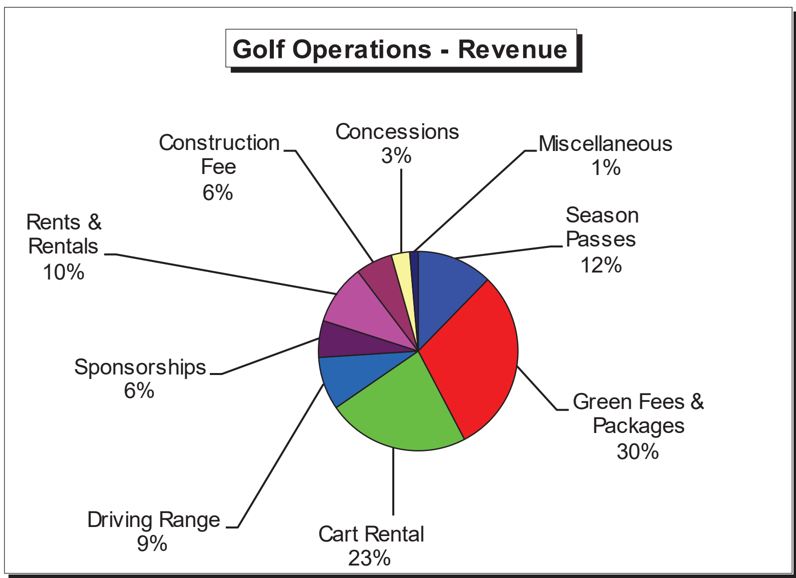
Golf Operations Division

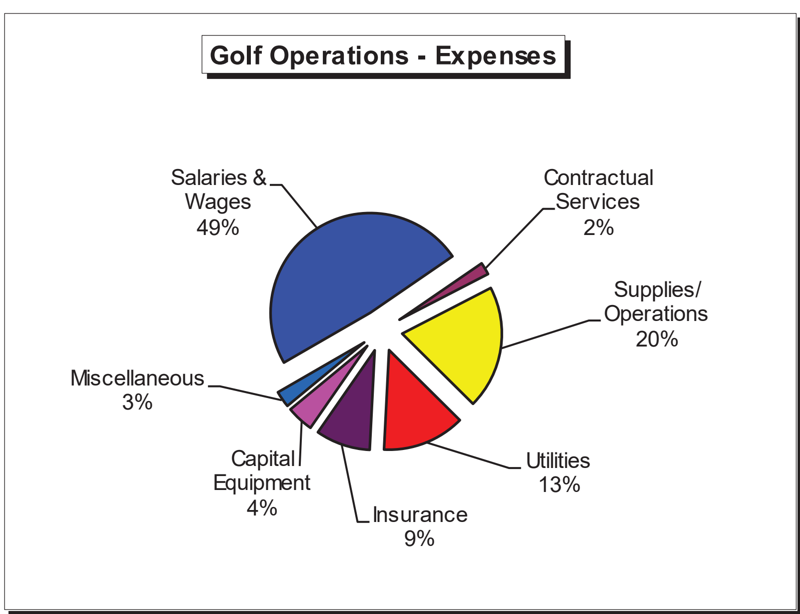
- The Golf Operations Division operates three golf courses – Riverwood, Tom O'Leary and the Pebble Creek/Fore Seasons Center.

- The golf courses had 84,992 rounds of golf during 2022. This was 7,947 rounds fewer than 2021. There was a snow storm in April 2022 that interrupted the golfing season.

- 86% of operating costs were covered by non-tax revenue.

- *The following is a graphic presentation of revenue and expenses related to Golf Operations:*





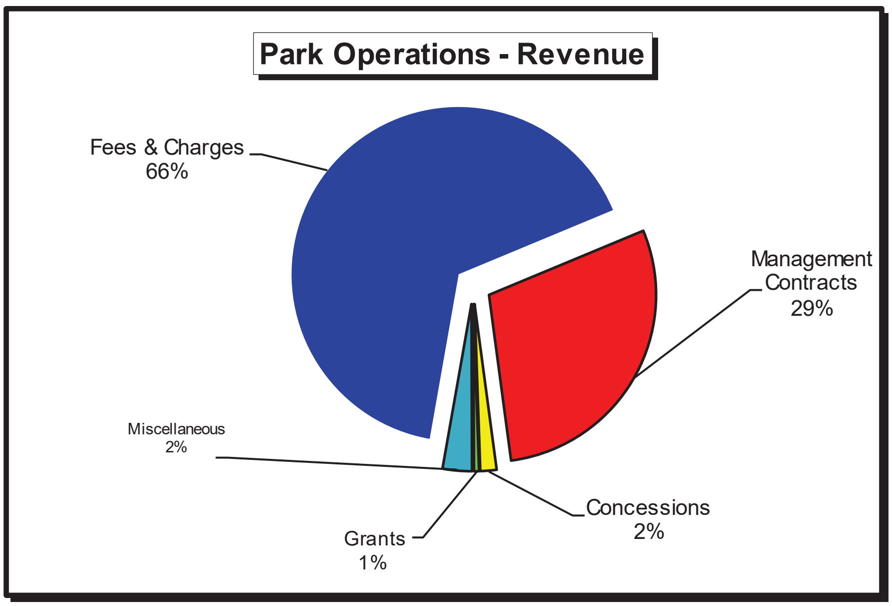
Park Operations Division

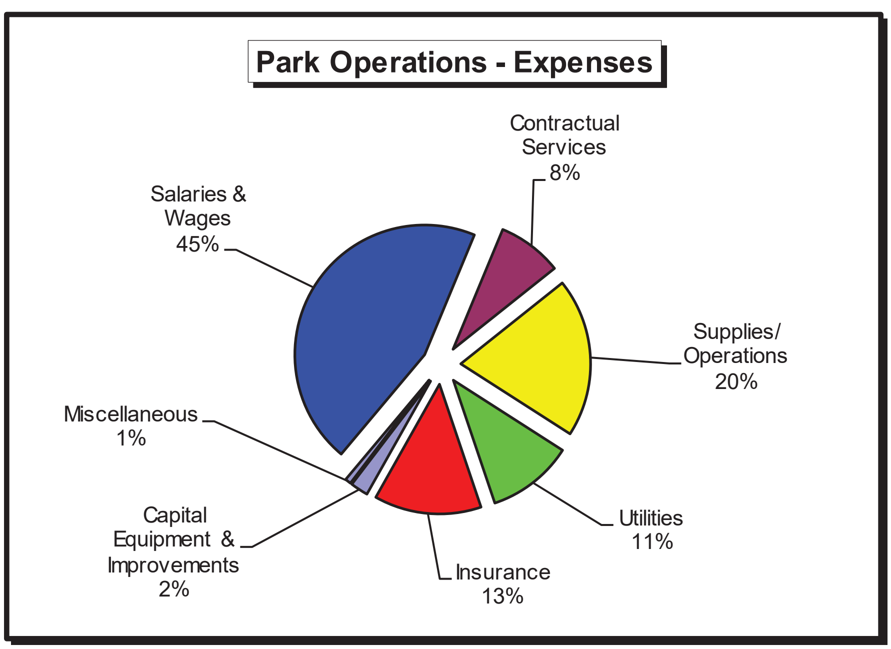
- Park Operations provides general maintenance and service to the District. In addition, Parks Operations manages Eagles Park, General Sibley Park, McDowell Dam, and Burleigh County Parks.

- Park Operations had 2,448 shelter reservations in 2022, an increase of 313 from 2021.

- The Bismarck Forestry department continued to provide forestry services for the District under an agreement with the City of Bismarck.

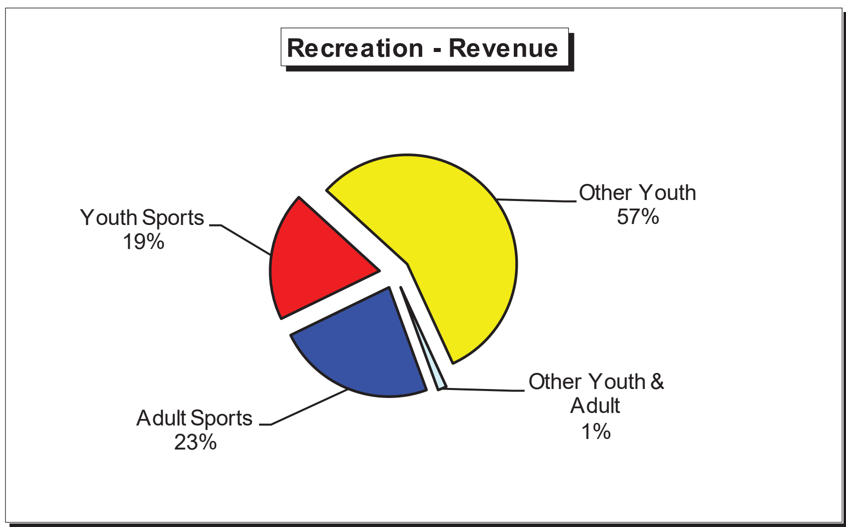
- *The following is a graphic presentation of revenue and expenses related to Park Operations, Eagles Park, General Sibley Park, McDowell Dam and Burleigh County Parks:*

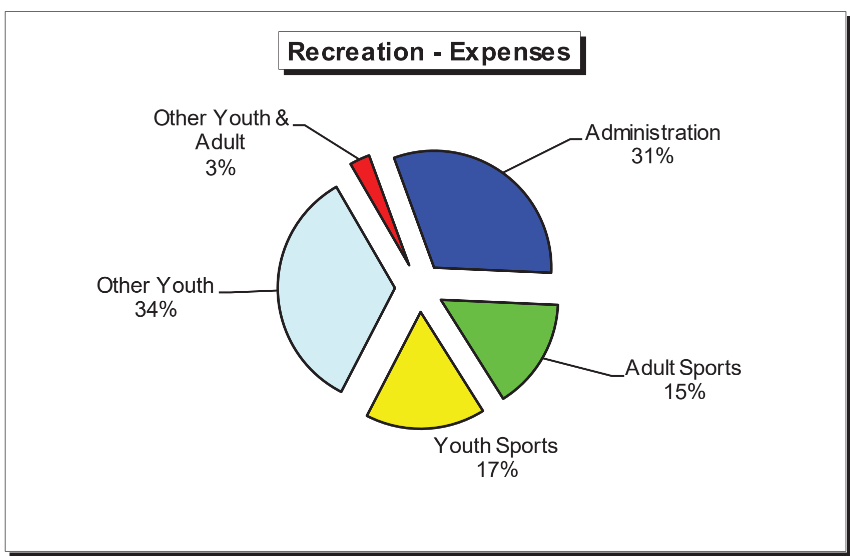




Recreation Division

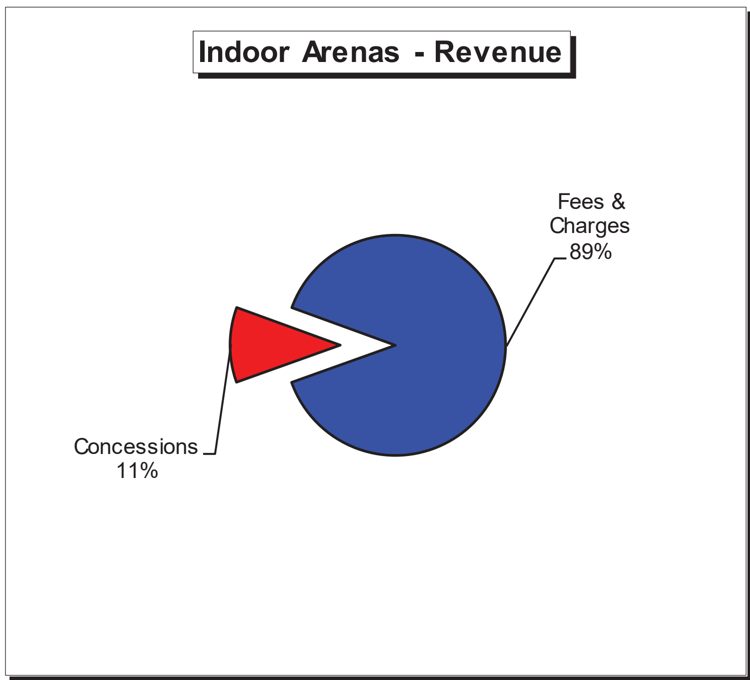
- The District manages a wide variety of youth and adult programs. Some of the programs include BLAST (547 participants), adult volleyball (6,396), activity centers (586), and open gym (6,357).
- 71% of operating costs were covered by non-tax revenue.
- *The following is a graphic presentation of revenue & expenses related to the various recreational activities:*

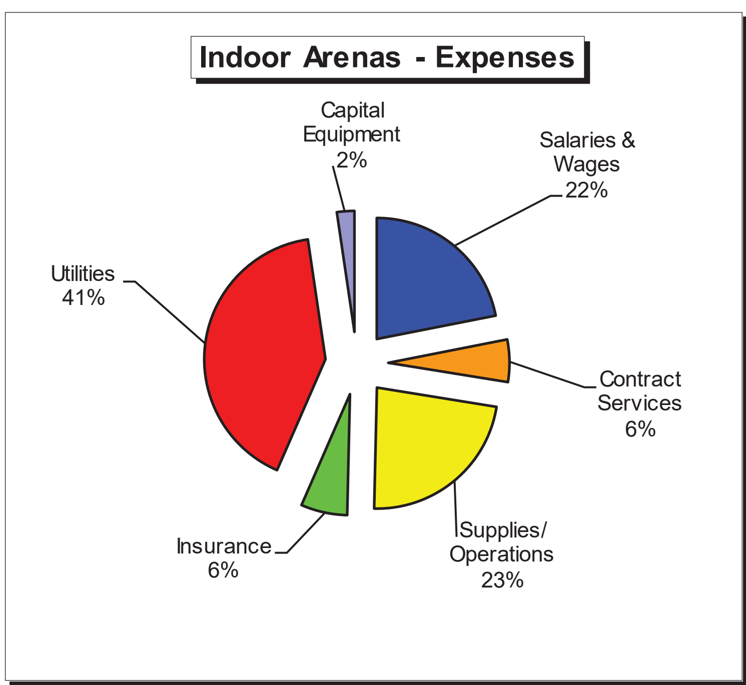




Indoor Arenas - VFW Sports Center Rinks 1 & 2; Capital Ice Complex – Schaumberg & Wachter Arenas

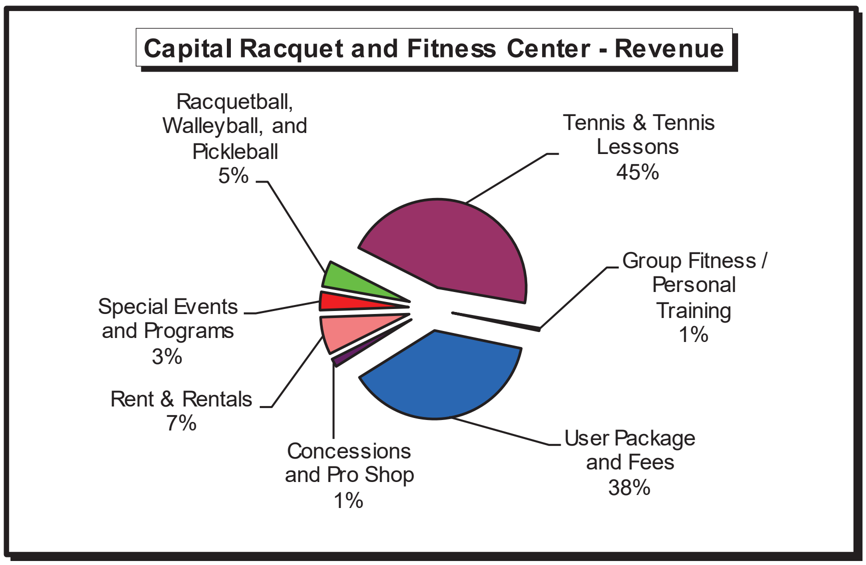
- 42% of operating costs were covered by non-tax revenue.
- Ice rental accounts for 83% of generated revenue in arena operations with most attributed to long-term agreements with youth and adult organizations, schools and Junior hockey.
- *The following is a graphic presentation of revenue and expenses related to the Indoor Arenas:*

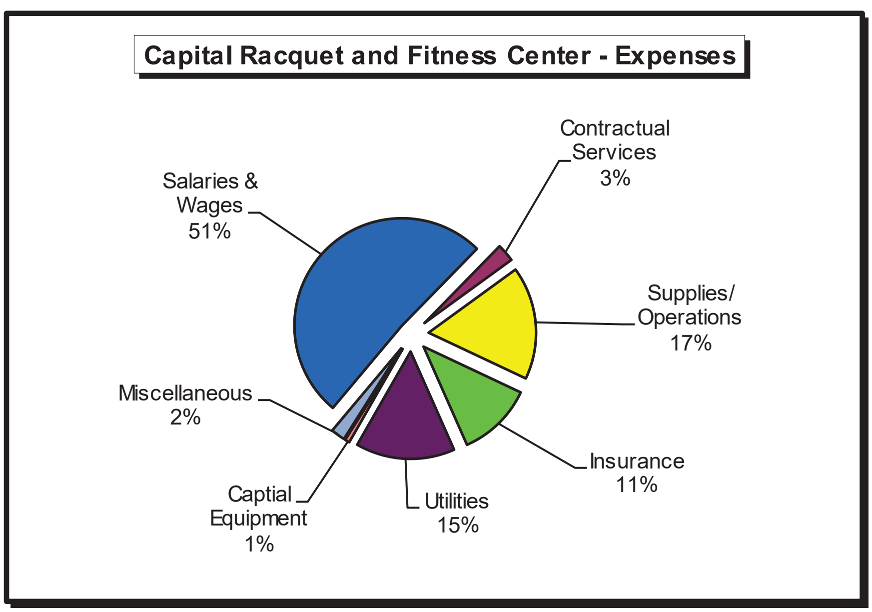




Capital Racquet and Fitness Center

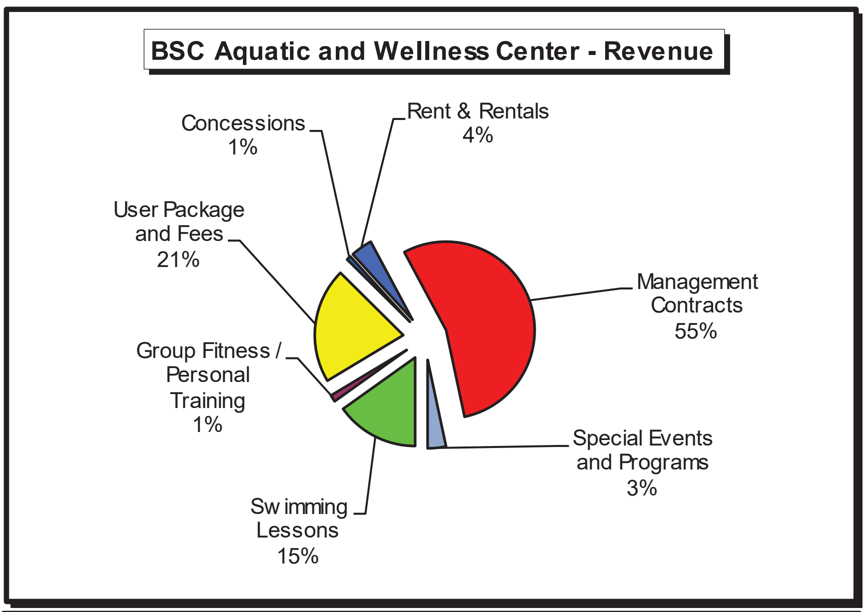
- Monthly membership's usage was 27,862 in 2022 compared to 26,792 in 2021.
- There were 9,346 tennis court hours in 2022 compared to 8,970 in 2021.
- 63% of operating costs of Capital Racquet and Fitness Center were covered by non-tax revenue.
- *The following is a graphic presentation of revenue & expenses related to Capital Racquet and Fitness Center:*

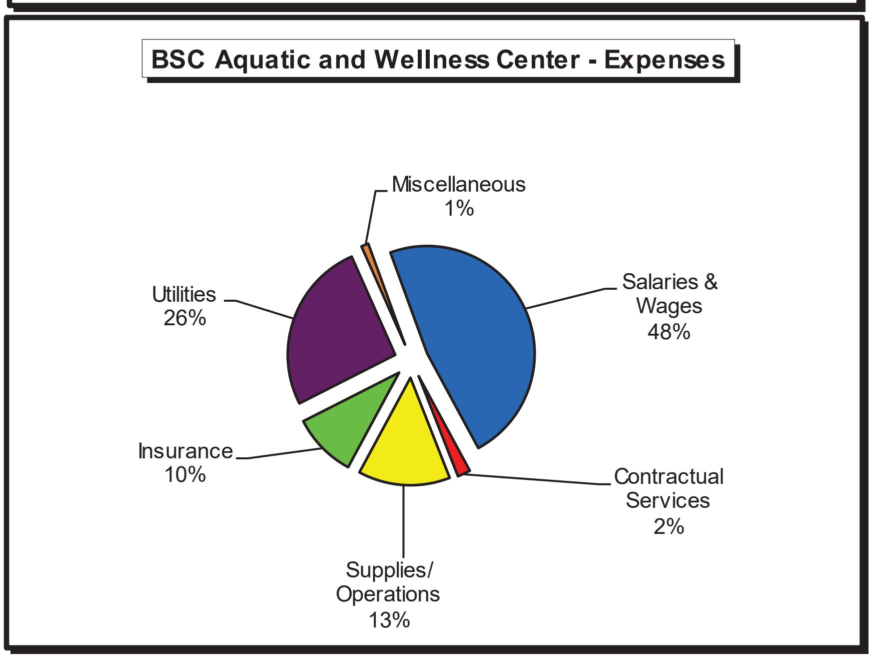




BSC Aquatic and Wellness Center

- The number of individuals taking swimming lessons decreased by 147 in 2022 with 2,335 compared to 2,482 in 2021.
- There were 8,113 participants in group exercise during 2022 compared to 8,256 in 2021.
- 62% of operating costs of BSC Aquatic and Wellness Center were covered by non-tax revenue.
- *The following is a graphic presentation of revenue & expenses related to BSC Aquatic and Wellness Center:*



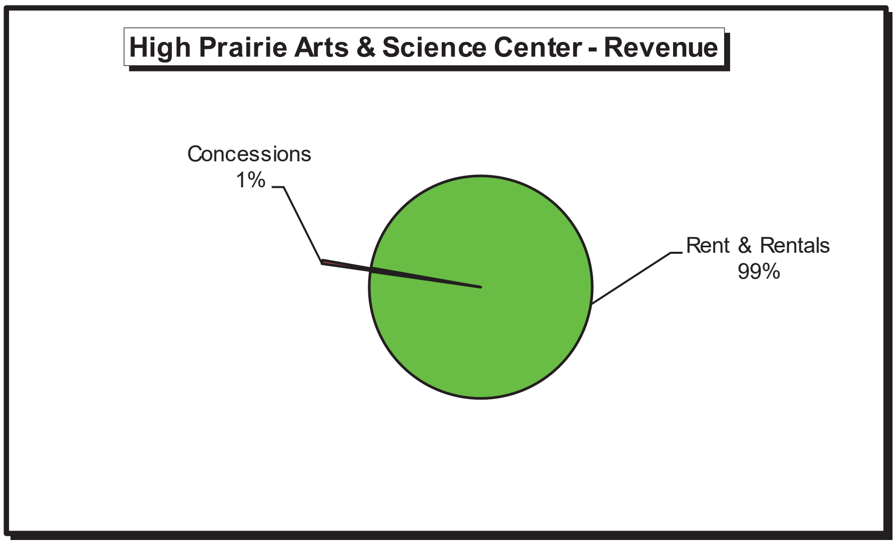


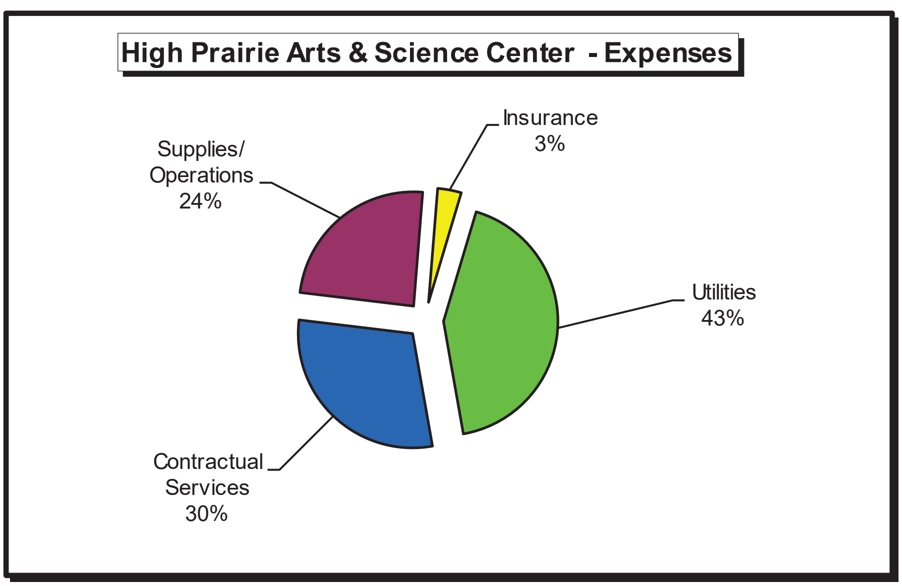
<u>Frances Leach High Prairie Arts & Science Complex</u>

- 38% of operating costs of the Frances Leach High Prairie Arts & Science Complex were covered by non-tax revenue.

- The High Prairie Arts & Science Complex is home to four BPRD partners: Gateway to Science, Shade Tree Players/Dakota Stage, Tru North Theater, and Theo Art School.

- *The following is a graphic presentation of revenues and expenses related to the Frances Leach High Prairie Arts & Science Complex:*





Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bismarck Parks and Recreation District's basic financial statements. The District's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These financial statements are prepared on a full accrual basis of accounting. This basically means that the statements follow methods that are similar to those used in most businesses. The statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The ***statement of net position*** presents information on all of the District's assets, deferred inflows, deferred outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bismarck Parks and Recreation District is improving or deteriorating.

The ***statement of activities*** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Bismarck Parks and Recreation District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administration, park operations and maintenance, recreation programs, and principal and interest on long term debt. The District has no business-type activities.

Fund financial statements**:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bismarck Parks and Recreation District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only governmental funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This information may be useful in evaluating the District's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, by doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Bismarck Parks and Recreation District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Park Improvement Fund, Construction Fund, and the Debt Service Fund which are considered to be major funds. The Park District has elected to show the Special Assessment Fund and Government Construction Fund as these are the only two non-major governmental fund.

The Bismarck Parks and Recreation District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement for the general fund and special assessment fund has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $65,969,342 at December 31, 2022.

The largest part of the District's net position (89 percent) reflects its investment in capital assets (land, construction in progress, building and building improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of net position as of December 31, 2022 and 2021:

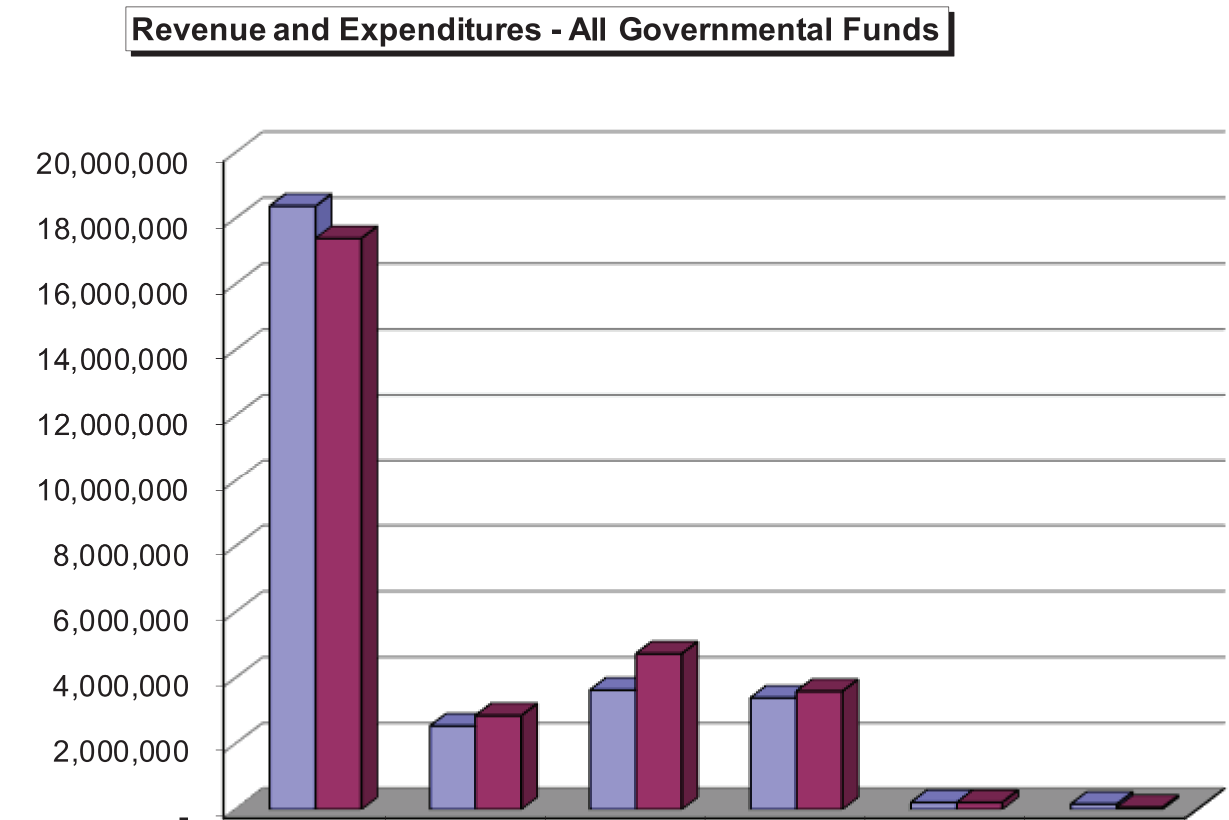
	Governmental Activities	
	2022	2021
Current and Other Assets	$ 10,920,687	$ 9,921,166
Non-Current Assets	87,738,426	80,511,609
Total Assets	$ 98,659,113	$ 90,432,775
Deferred Outflows of Resources	$ 923,648	$ 1,105,946
Current Liabilities	$ 5,732,018	$ 5,287,506
Long-Term Liabilities	24,016,756	27,598,386
Total Liabilities	$ 29,748,774	$ 32,885,892
Deferred Inflows of Resources	$ 3,864,645	$ 967,958
Net Position:		
Net Investment in Capital Assets	$ 58,921,094	$ 50,748,415
Restricted	2,219,795	2,658,409
Unrestricted	4,828,453	4,278,047
Total Net Position	$ 65,969,342	$ 57,684,871

The restricted net position classification is required by GASB Statement No. 54. It includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation.

The following is a summary of changes in net position for the years ended December 31, 2022 and 2021:

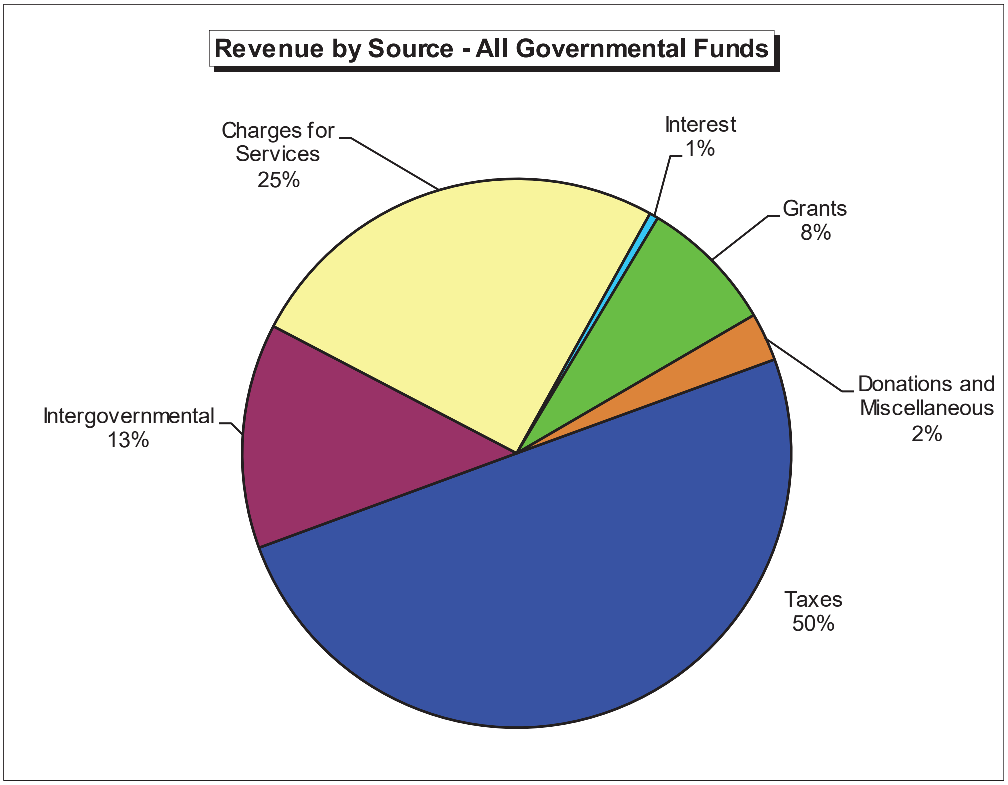
	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	$ 7,017,493	$ 7,281,588
Operating Grants and Contributions	58,132	44,253
Capital Grants and Contributions	5,897,427	2,481,611
Total Program Revenues	$ 12,973,052	$ 9,807,452
General Revenues:		
Property Tax	$ 13,811,119	$ 13,442,490
Grants and Entitlements not restricted	1,717,925	1,512,136
Investment Earnings	167,385	15,990
Lease	699,690	726,774
Gain on sale or disposal of capital assets	79,728	-
Miscellaneous	454,093	280,074
Total General Revenues	$ 16,929,940	$ 15,977,464
Total Revenues	$ 29,902,992	$ 25,784,916
Expenses:		
Park District Operations	$ 8,981,048	$ 8,302,036
Facilities / Recreation	12,015,861	11,786,431
Interest on Long-Term Debt	621,612	658,635
Issuance Costs on Long-Term Debt	-	50,214
Total Expenses	$ 21,618,521	$ 20,797,316
Increase in Net Position	$ 8,284,471	$ 4,987,600
Net Position - January 1	$ 57,684,871	$ 52,697,271
Net Position - December 31	$ 65,969,342	$ 57,684,871

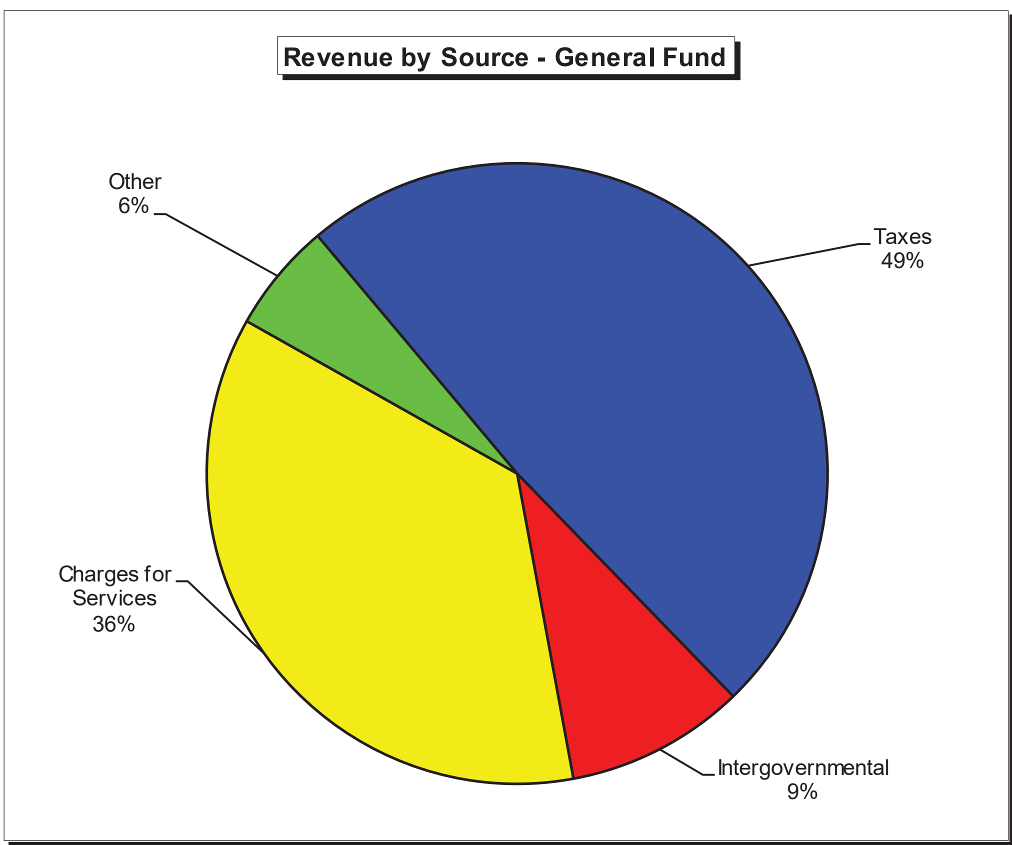
The following chart depicts functions/programs revenue and expenses for all governmental funds. Other financing sources (uses) are not included which consist of proceeds from long-term debt and interfund transfers.



	General	Special Assess	Park Improvemt	Construction Fund	Debt Service	Government Construction Fund
Revenue	18,373,991	2,541,375	3,631,682	3,391,333	213,556	162,929
Expenses	17,391,232	2,855,829	4,733,360	3,589,243	214,310	61,900

The following charts depict revenue by source for all the governmental funds and the general fund.





Financial Analysis of the Government's Funds

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Bismarck Parks and Recreation District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District's governmental funds reported combined ending fund balances of $8,923,764 – a decrease of $273,607 from 2021. This decrease is mainly due to the budgeted spend-down of the Special Assessment Fund reserve balance.

The general fund is the primary operating fund of the Bismarck Parks and Recreation District and reported an ending fund balance of $3,177,761. During the year, expenditures exceeded revenues and other sources by $113,040.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's Board of Park Commissioners approved the 2022 annual budget at the September 16, 2021 board meeting. The annual budget addresses funding from other sources as well as detailing how each fund should be expended. The 2022 general fund budget appropriation was $18,140,800.

During 2022, actual revenues were more than the budgetary estimates by $465,691, approximately 2.6%. The final budget exceeded the actual expenditures by $749,568 or 4.1%. Revenues were more than budgeted amounts due to the higher than anticipated state aid collections. Expenses were less than budgeted amounts primarily due to supply issues with capital projects that were not able to be completed in 2022. These budgeted amounts were transferred to the capital project funds in anticipation of project completion during 2023.

Capital Assets

The District's investment in capital assets includes land, construction in progress, building and building improvements, machinery and equipment, and infrastructure. See Note 6 Capital Assets in the notes to the financial statements for more information.

Major capital asset additions during the year were:

- Donation of Clairmont Family Conservation Park for $1,500,000
- North Central Park playground replacement and park improvements for $1,165,677
- Construct Sertoma Park Tennis Court improvements and Obstacle Course for $1,164,294
- Construct A. James Silbernagel Memorial Park for $695,784
- Construct Hidden Star Park for $580,252
- Construct Promontory Point Park for $405,737
- Donation of Heroes Park land and playground for $280,724

A schedule of capital assets, net of depreciation, for the years ended December 31, 2022 and 2021 is as follows:

	Governmental Activities			
Asset Type		2022		2021
Land	$	10,401,147	$	8,840,837
Construction in progress		2,801,874		1,149,068
Buildings and improvements		64,214,146		63,415,665
Machinery and equipment		1,899,049		1,344,563
Infrastructure		6,337,008		5,761,476
Total	$	85,653,224	$	80,511,609

Long Term Debt

Major long-term debt events during the year were:

- Special Assessments added by the City of Bismarck in the amount of $1,346,087.

See Note 8 Long-Term Debt in the notes to the financial statements for more information.

A schedule of long-term liabilities for the years ended December 31, 2022 and 2021 is as follows:

	Governmental Activities			
Long-Term Liabilities		2022		2021
Compensated Leave Balances	$	815,501	$	786,859
Post Retirement Benefit Obligations		401,187		457,929
Net Pension Liability		-		996,479
Unamoritized Bond Premium		406,946		440,337
Revenue Bonds Payable		11,095,000		12,060,000
General Obligation Bond Payable		1,700,000		1,875,000
Lease Liability		214,918		-
Capital Leases		-		710,909
Special Assessments Debt		13,518,393		14,676,949
Total	$	28,151,945	$	32,004,462

Requests for Information

This financial report is designed to provide a general overview of the Bismarck Parks and Recreation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Kevin Klipfel, Executive Director of Parks and Recreation, Bismarck Parks and Recreation District, 400 East Front Avenue, Bismarck, ND 58504.

BISMARCK PARKS AND RECREATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS:	
Current assets:	
Cash and cash equivalents	$ 110,331
Cash and cash equivalents - board designated	150,000
Investments	4,386,108
Investments - board designated	1,032,247
Taxes receivable	143,177
Accounts receivable	2,213,742
Lease receivable	524,511
Restricted assets:	
Cash and cash equivalents	39,285
Investments	2,321,286
Total current assets	10,920,687
Non-current assets:	
Lease receivable, net of current portion	1,699,266
Capital assets (net of accumulated depreciation):	
Land	10,401,147
Construction in progress	2,801,874
Building and improvements	64,214,146
Machinery and equipment	1,899,049
Infrastructure	6,337,008
Lease asset, net of accumulated amortization	266,544
Net pension asset	182,809
Total non-current assets:	87,801,843
Total assets	98,722,530
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflow - pension	923,648
LIABILITIES:	
Current liabilities	
Accounts payable	1,239,286
Accrued expenses	99,818
Unearned revenue	11,000
Interest payable	246,725
Lease liability, current portion	68,794
Compensated absences, current portion	263,057
Post-retirement benefit obligations, current portion	21,897
Long term debt, current portion	3,781,441
Total current liabilities:	5,732,018
Non-current liabilities:	
Compensated absences, non-current portion	552,444
Post-retirement benefit obligations, non-current portion	379,290
Lease liability, net of current portion	146,124
Long term debt, non-current portion	22,531,952
Unamortized bond premium	406,946
Total non-current liabilities:	24,016,756
Total liabilities	29,748,774
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflow - pension	1,660,642
Deferred inflow - leases	2,204,003
Total deferred inflows of resources	3,864,645
NET POSITION:	
Net investment in capital assets	58,984,511
Restricted:	
Debt Service	1,430,824
Special Assessments	788,971
Unrestricted	4,828,453
Total net position	$ 66,032,759

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:					
District operations	$ 8,981,048	$ -	$ 58,132	$ -	$ (8,922,916)
Facilities / recreation	11,952,444	7,017,493	-	5,897,427	962,476
Interest on long-term debt	621,612	-	-	-	(621,612)
Total Governmental Activities	$ 21,555,104	$ 7,017,493	$ 58,132	$ 5,897,427	(8,582,052)
General Revenues					
Property taxes					13,811,119
Intergovernmental					1,717,925
Investment earnings					167,385
Lease					699,690
Gain on disposal of assets					79,728
Miscellaneous					454,093
Total general revenues					16,929,940
Change in net position					8,347,888
Total net position, beginning of year					57,684,871
Net position - end of year					$ 66,032,759

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Special Assessment Fund	Park Improvement Fund	Construction Fund	Debt Service Fund	Governmental Construction Fund	Total
Assets:							
Cash and cash equivalents	$ 18,948	$ -	$ 15,764	$ 34,736	$ -	$ 40,883	$ 110,331
Cash and cash equivalents - board designated	150,000	-	-	-	-	-	150,000
Cash and cash equivalents - restricted	-	31,790	-	-	7,495	-	39,285
Investments	2,909,371	-	1,248,510	68,559	-	159,668	4,386,108
Investments - board designated	-	-	773,447	258,800	-	-	1,032,247
Investments - restricted	-	898,219	-	-	1,423,067	-	2,321,286
Taxes receivable	94,607	25,924	-	21,096	1,550	-	143,177
Accounts receivable	494,690	-	571,307	1,144,935	-	-	2,210,932
Total assets	$ 3,667,616	$ 955,933	$ 2,609,028	$ 1,528,126	$ 1,432,112	$ 200,551	$ 10,393,366
Liabilities:							
Accounts payable	$ 300,076	$ -	$ 893,807	$ 45,403	$ -	$ -	$ 1,239,286
Accrued expenses	99,818	-	-	-	-	-	99,818
Unearned revenue	11,000	-	-	-	-	-	11,000
Total liabilities	410,894	-	893,807	45,403	-	-	1,350,104
Deferred inflows of resources:							
Delinquent property taxes	78,961	21,643	-	17,606	1,288	-	119,498
Fund balances:							
Restricted	-	934,290	-	1,103,021	1,430,824	-	3,468,135
Committed	150,000	-	773,447	258,800	-	-	1,182,247
Assigned	-	-	941,774	103,296	-	200,551	1,245,621
Unassigned	3,027,761	-	-	-	-	-	3,027,761
Total fund balances	3,177,761	934,290	1,715,221	1,465,117	1,430,824	200,551	8,923,764
Total liabilities, deferred inflows of resources, and fund balances	$ 3,667,616	$ 955,933	$ 2,609,028	$ 1,528,126	$ 1,432,112	$ 200,551	$ 10,393,366

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Governmental Funds Balance		$ 8,923,764
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and lease assets used in governmental activities are not financial resources and therefore not reported in the funds.		85,919,768
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 or are not recognized in the funds.		
Delinquent property taxes		119,498
Interest receivable on leases		2,810
Leases receivable		2,223,777
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.		923,648
Long-term liabilities not due and payable in the current period and therefore are not included in the funds:		
Compensated absences	(815,501)	
Lease liability	(214,918)	
Post-retirement benefit obligations	(401,187)	
Accrued interest on long-term liabilities	(246,725)	
Long term debt	(26,313,393)	
Unamortized bond premium	(406,946)	
Net pension asset	182,809	
Total		(28,215,861)
Deferred inflows relating to the cost sharing defined benefit plans and leases in the governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.		(3,864,645)
Net position of governmental activities		$ 66,032,759

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Special Assessment Fund	Park Improvement Fund	Construction Fund	Debt Service Fund	Government Construction Fund	Total
Revenues:							
Taxes	$ 8,977,466	$ 2,421,374	$ -	$ 2,028,908	$ 213,556	$ 154,224	$ 13,795,528
Intergovernmental	1,717,925	-	1,943,277	-	-	-	3,661,202
Charges for services	6,628,228	-	389,265	-	-	-	7,017,493
Investment earnings	115,795	-	7,638	15,082	-	4,359	142,874
Grants	18,010	-	909,006	1,279,738	-	4,346	2,211,100
Leases	663,448	-	38,168	-	-	-	701,616
Donations	40,122	-	344,328	58,710	-	-	443,160
Miscellaneous	212,997	120,001	-	8,895	-	-	341,893
Total revenues	18,373,991	2,541,375	3,631,682	3,391,333	213,556	162,929	28,314,866
Expenditures:							
Current:							
General government	2,256,442	-	-	304,862	-	-	2,561,304
General maintenance	3,382,510	-	69,879	-	-	21,880	3,474,269
Golf	2,226,864	-	-	-	-	-	2,226,864
Capital Racquet Fitness Center	583,879	-	-	-	-	-	583,879
Aquatic Wellness Center	1,454,417	-	-	-	-	-	1,454,417
Pools	544,960	-	-	-	-	-	544,960
Ice arenas	1,436,826	-	-	-	-	-	1,436,826
Forestry	235,536	-	-	-	-	-	235,536
Memorial Building	204,172	-	-	-	-	-	204,172
Sibley Park	321,909	-	-	-	-	-	321,909
County parks	73,608	-	-	-	-	-	73,608
McDowell Dam	225,481	-	-	-	-	-	225,481
High Prairie Arts and Science Complex	106,241	-	-	-	-	-	106,241
Other recreational activities	2,741,755	-	-	-	-	-	2,741,755
Capital outlay	347,364	-	4,229,760	2,988,081	-	40,020	7,605,225
Capital outlay less than $5,000	225,705	13,521	-	-	-	-	239,226
Debt service:							
Principal retirement	775,000	2,504,642	428,873	262,262	175,000	-	4,145,777
Interest and fiscal charges	248,563	337,666	4,848	34,038	39,310	-	664,425
Total expenditures	17,391,232	2,855,829	4,733,360	3,589,243	214,310	61,900	28,845,874
Excess of revenues over (under) expenditures	982,759	(314,454)	(1,101,678)	(197,910)	(754)	101,029	(531,008)
Other financing sources (uses):							
Proceeds from insurance	112,201	-	-	-	-	-	112,201
Proceeds from sale of capital assets	-	-	144,200	1,000	-	-	145,200
Transfers in	220,000	-	1,269,200	258,800	-	-	1,748,000
Transfers out	(1,428,000)	(125,000)	-	(150,000)	-	(45,000)	(1,748,000)
Total other financing sources (uses)	(1,095,799)	(125,000)	1,413,400	109,800	-	(45,000)	257,401
Net change in fund balances	(113,040)	(439,454)	311,722	(88,110)	(754)	56,029	(273,607)
Fund balance - January 1	3,290,801	1,373,744	1,403,499	1,553,227	1,431,578	144,522	9,197,371
Fund balance - December 31 (Note 12)	$ 3,177,761	$ 934,290	$ 1,715,221	$ 1,465,117	$ 1,430,824	$ 200,551	$ 8,923,764

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balance - Total Governmental Funds		$ (273,607)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	7,605,225	
Current year depreciation	(4,814,816)	
Current year amortization	(20,636)	
Total		2,769,773
Governmental funds do not report donated capital assets as expenditures or revenue. However, in the statement of activities, donations of capital assets are recorded as donation revenue.		1,785,343
Based on receipt dates, some revenues are not considered available revenue and are unavailable in the governmental funds.		
Net change in taxes receivable	15,591	
Net change in leases receivable	2,223,777	
Net change in interest receivable	2,810	
Total		2,242,178
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.		
Amortization of premium/discount on bond issues	33,392	
Net decrease in post-retirement obligations	56,742	
Net increase in compensated absences	(28,642)	
Net decrease in interest payable	9,422	
Net decrease in net pension liability	1,179,288	
Total		1,250,202
Changes in deferred inflows and outflows relating to net pension liability		(874,982)
Changes in deferred inflows relating to lease receivables		(2,204,003)
Special assessment proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(427,321)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financials resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus the change in net position differs from the change in fund balance by the net book value of the asset disposed.		(65,472)
Repayment of principal on long-term debt consumes the current financial resources of the governmental funds. However, there is no effect on net position. The following are principal payments on long-term debt during the year ended December 31, 2022		
Principal payment on bonds payable, special assessments and lease liability		4,145,777
Change in net position		$ 8,347,888

See Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bismarck Parks and Recreation District (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

In accordance with the Governmental Accounting Standards Board, reporting entity's financial statements should include all component units over which that component unit (oversight unit) exercises oversight responsibility. Criteria used to determine a potential component unit include: is it legally separate, does it have separate corporate powers, who appoints the governing board, is there fiscal dependency, can the oversight unit impose its will, and is there a financial benefit/burden relationship.

Based upon the criteria set by the Governmental Accounting Standards Board, the Bismarck Park District Building Authority is a component unit. All board members of the Building Authority are board members or management of the District. These financial statements include the financial information of the District and its component unit, the Bismarck Park District Building Authority, which is shown as a blended component unit. The activity of this component unit is recorded within the construction fund.

Basis of Presentation

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurements 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special assessment fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for District wide improvements.

The park improvement fund is used to account for the District’s expenditures for major capital acquisitions and improvements.

The construction fund is used to account for major capital acquisitions and construction projects.

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The government construction fund is used to account for capital projects. This fund is not required to be shown as a major fund, but the Park District has elected to show as such as it is the only non-major governmental fund.

Governmental Fund Types

The general fund accounts for all governmental financial resources, except for those required to be accounted for in other funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition and construction of district facilities and other capital assets.

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

Investments are carried at fair value. 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.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable is outstanding for more than 30 days. There is no allowance for doubtful accounts receivable as of December 31, 2022, as management considers all receivables collectible.

Taxes Receivable

The taxes receivables consist of uncollected and collected but not remitted, property taxes as of December 31, 2022 for both current and prior years.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	7-25
Machinery and equipment	5-10
Infrastructure	25

Leases

Lessee

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. In absence of an incremental borrowing rate, the District has made an accounting policy election to use a risk free rate based on US Treasury Tbill rate as of the lease commencement. The District accounts for lease agreements with lease and nonlease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District are reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Lessor

The District is a lessor for the use of various buildings. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- In absence of an incremental borrowing rate, the District uses its estimated incremental borrowing rate as the discount rate for leases. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

All full-time employees of the District are covered by a compensated absences policy including annual leave and sick leave. Unused annual leave can be accumulated and carried over to a maximum of 360 hours to the next calendar year. Unused sick leave may be accumulated to a maximum of 960 hours. Upon termination of employment, employees receive 100 percent of their unused annual leave pay at their rate of pay on the date of termination. If termination of employment occurs after five years of employment, employees receive 25 percent of their unused sick pay at their rate of pay on the date of termination.

Post-Retirement Benefit Obligations

The District operates a single-employer other post-employment benefit plan that provides supplemental pay and health insurance benefits to employees of the District who have met certain criteria. This liability is shown as post-retirement benefit obligations on the government-wide financial statements. See Note 14 for more details.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position. Bond issuance costs are expensed in the year of occurrence. Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discount on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources. Net investment in capital assets, consists of the remaining un-depreciated cost of the asset less the outstanding debt associated with the purchase or construction of the related asset.

Net position is reported as restricted when external creditors, grantors, or other governmental organizations imposed specific restrictions on the District. External restrictions may be imposed through state or local laws, and grant or contract provisions.

Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the park board-the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the park 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 – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The District has set a General fund minimum fund balance target at not less than 15% of the current year General fund expenditures and transfers out.

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item reported as a deferred outflow of resources on the statement of net position, deferred outflow - pension, which represents the actuarial differences within the Bismarck City Employee Pension Plan (BCEPP). See Note 13 for further details.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, these items, delinquent property taxes and lease inflows (unavailable revenue), are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues, from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has one item reported on the statement of net position as cost sharing defined benefit pension plan, which represents actuarial differences within the BCEPP.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Pension

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 Bismarck City Employee Pension Plan (BCEPP) and additions to / deductions from BCEPP fiduciary net position have been determined on the same basis as they are reported by BCEPP. 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.

Revenue Recognition - Property Taxes

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

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, “Revenue Recognition – Property Taxes”. This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government – wide financial statements. Property taxes are limited by state laws. All district tax levies are in compliance with state laws.

Grant Revenue Recognition

The governmental grants received by the District are recognized as revenue at the time eligible expenditures are incurred on the government wide statements. Governmental grants must be received within 60 days after year-end to be considered available and recognized as revenue within the funds. The grants are accounted for as exchange transactions due to the government’s solicitation of proposals, approval of allowable expenditures and eligibility requirements. Grant funds received prior to expenditure are recorded as refundable advances on the statement of net position. These funds are to be repaid to the grantor if they are not used on eligible expenditures.

Use of Estimates

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

Change in Accounting Principle

The District implemented GASB 87 Statement No. 87, *Leases* in the year ended December 31, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset.

The adoption of GASB 87 resulted in the recognition of a right to use leased asset and lease liability of $287,180, and a lease receivable and deferred inflow of $2,436,064 as of January 1, 2022. Results for periods prior to December 31, 2021 continue to be reported in accordance with the District's historical accounting treatment. See Note 7 for expanded disclosures regarding the District's leases.

NOTE 2 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the District would not be able to recover its 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% of the deposits not covered by insurance or bonds.

The District maintains cash on deposit at various financial institutions. The amounts on deposit are insured by the FDIC up to $250,000 per financial institution. At December 31, 2022, none of the District's deposits were exposed to custodial credit risk, as all deposits were covered by FDIC coverage.

NOTE 3 BOARD DESIGNATIONS OF CASH, CASH EQUIVALENTS AND INVESTMENTS

General Fund

A reserve of $150,000 was approved by the board for golf dome replacement.

Park Improvement Fund

The park improvement fund is used to account for the District's expenditures for major capital acquisitions and park improvements. The outstanding balance at December 31, 2022 was $773,447.

Construction Fund

The construction fund is used to account for the District's expenditures for major capital acquisitions and construction projects like capital improvements. The outstanding balance at December 31, 2022 was $258,800.

NOTE 4 RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Special Assessment Fund

The special assessment fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for District wide improvements. The outstanding balance at December 31, 2022 was $930,009.

Debt Service Fund

The October 1, 2020 Park District Revenue Bonds require a Reserve Fund Deposit. Withdrawals from the Reserve Fund Deposit may be only for the payment of the principal and interest of the bonds. The outstanding balance at December 31, 2022 was $1,430,562.

NOTE 5 INVESTMENTS

The District maintains investments at those institutions, in accordance with state statutes, authorized by the Commission.

As of December 31, 2022, investments consist of money market mutual funds.

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.

NOTE 6 CAPITAL ASSETS

The following schedule is a summary of the capital asset activity for the year ended December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 8,840,837	$ 1,560,310	$ -	$ 10,401,147
Construction in progress	1,149,068	2,695,694	(1,042,888)	2,801,874
Total capital assets not being depreciated	9,989,905	4,256,004	(1,042,888)	13,203,021
Capital assets, being depreciated:				
Buildings and improvements	107,438,739	5,088,287	(726,787)	111,800,239
Machinery and equipment	8,023,587	1,089,165	(58,200)	9,054,552
Infrastructure	8,536,305	918,766	-	9,455,071
Total capital assets being depreciated	123,998,631	7,096,218	(784,987)	130,309,862
Less accumulated depreciation for:				
Buildings and improvements	44,023,074	3,937,209	(374,190)	47,586,093
Machinery and equipment	6,679,025	534,372	(57,894)	7,155,503
Infrastructure	2,774,828	343,235	-	3,118,063
Total accumulated depreciation	53,476,927	4,814,816	(432,084)	57,859,659
Total capital assets being depreciated, net	70,521,704	2,281,402	(352,903)	72,450,203
Governmental capital assets, net	$ 80,511,609	$ 6,537,406	$ (1,395,791)	$ 85,653,224

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

Governmental Activities:	
Park Operations	$ 2,849,200
Facilities / Recreation	1,965,616
Total depreciation expense - Governmental Activities	$ 4,814,816

NOTE 7 LEASES

Lessor

As a lessor, the District leases multiple buildings and an office space to multiple different entities.

Following is the total lease-related revenue for the year ended December 31, 2022:

Lease Revenue	
Office Space	$ 2,643
Building	697,047
Total Lease Revenue	699,690
Interest Revenue	24,511
Total	$ 724,201

Following is a schedule by years of the future minimum rental receipts required under the leases:

For the Year Ending December 31,	Principal	Interest	Total Receipts
2023	$ 524,511	$ 21,849	$ 546,360
2024	219,838	18,309	238,147
2025	170,745	15,929	186,674
2026	122,813	14,306	137,119
2027	125,593	12,892	138,485
2028 - 2032	679,727	41,913	721,640
2033 - 2037	373,516	8,161	381,677
2038 - 2042	7,035	165	7,200
Total	$ 2,223,778	$ 133,524	$ 2,357,302

Lessee

The District leases one building with the term of 41 months. The annual rent payment is $75,000 for 2022.

Following is the total lease expense for the year ended December 31, 2022:

Amortization expense by class of underlying asset	
Building	$ 20,636
Total amortization expense	20,636
Interest on lease liabilities	6,855
Total	$ 27,491

Following is a schedule of activity in leased assets and the lease liability for the year ended December 31, 2022:

Lease Assets	Beginning of Year	Additions	Subtractions	End of Year	Amounts Due Within One Year
Building	$ 287,180	$ -	$ -	$ 287,180	
	287,180	-	-	287,180	
Less: Accumulated Amortization					
Building	-	(20,636)	-	(20,636)	
	-	(20,636)	-	(20,636)	
Total Lease Assets, net	$ 287,180	$ (20,636)	$ -	$ 266,544	
Lease Liabilities	$ 287,180	$ -	$ (72,262)	$ 214,918	$ 68,794

Following is a schedule by years of future minimum rental payments required under the lease:

up

NOTE 8 LONG-TERM DEBT

Debt Outstanding

The obligations under notes payable, bonds payable, revenue bonds payable, special assessments debt and capital leases are scheduled as follows:

	Outstanding 12/31/22
Revenue Bonds Payable:	
$8,355,000 bonds dated October 1, 2019 to refund bonds that were previously taken out to acquire and improve the BSC Aquatic & Wellness Center. The bonds are payable in variable annual principal and semi-annual interest payments at 2.25% to 3.00% through April 1, 2033. Payments are to be made from the Debt Service Fund.	$ 6,325,000
$5,915,000 bonds dated October 1, 2020 to refund bonds that were taken out to finance the Schaumberg Ice Arena Project. The bonds are payable in variable annual principal and semi-annual interest payments at 0.30% to 2.00% through April 1, 2030. Payments are to be made from the Debt Service Fund.	4,770,000
	$11,095,000
General Obligation Bonds Payable	
$1,875,000 bonds dated July 1, 2021 to finance the cost of constructing park improvements. The bonds are payable in variable annual principal and interest payments at 1.00% to 2.00% through May 1, 2031. Payments are to be made from the Capital Projects Fund.	$ 1,700,000

Special Assessments Debt:

The special assessments are dated from 2002 through 2021. The maturity varies per issue but extends through 2032. The interest rates are from 2.56% to 5.71%. Payments are to be made from the Special Assessment Fund.	$ 5,663,393
$1,400,000 bonds dated August 1, 2010 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 1.4% to 3.6% through May 1, 2025. The bonds are callable on May 1, 2016 and any date thereafter, in inverse order at par plus accrued interest. Payments are to be made from the Special Assessment Fund.	345,000
$750,000 bonds dated September 15, 2011 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 1.15% to 3.25% through May 1, 2026. The bonds are callable on May 1, 2017 and any date thereafter, in inverse order at par plus accrued interest. Payments are to be made from the Special Assessment Fund.	245,000
$2,700,000 bonds dated October 1, 2012 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 0.55% to 2.75% through May 1, 2027. Payments are to be made from the Special Assessment Fund.	975,000
$3,730,000 bonds dated April 18, 2013 to refund 2008 improvement bonds. The bonds are payable in variable annual principal and semi-annual interest payments at 0.30% to 1.90% through May 1, 2023. Payments are to be made from the Special Assessment Fund.	$ 405,000
$3,500,000 bonds dated October 1, 2014 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 0.40% to 2.50% through May 1, 2026. Payments are to be made from the Special Assessment Fund.	1,305,000
$2,120,000 bonds dated April 1, 2015 to refund 2009 improvement bonds. The bonds are payable in variable annual principal and semi-annual interest payments at 0.60% to 2.20% through May 1, 2024. Payments are to be made from the Special Assessment Fund.	510,000
$1,600,000 bonds dated February 1, 2017 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 0.90% to 2.25% through May 1, 2025. Payments are to be made from the Special Assessment Fund.	690,000
$1,690,000 bonds dated June 15, 2018 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 1.85% to 2.70% through May 1, 2028. Payments are to be made from the Special Assessment Fund.	1,065,000
$3,015,000 bonds dated July 1, 2019 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 2.00% to 4.00% through May 1, 2031. Payments are to be made from the Special Assessment Fund.	2,315,000
	$13,518,393

Changes in Long-Term Liabilities

During the year ended December 31, 2022, the following changes occurred in liabilities reported in the Statement of Net Position:

	Balance - January 1	Additions	Reductions	Balance - December 31	Due Within One Year
Compensated Absences	$ 786,859	$ 271,862	$ 243,220	$ 815,501	$ 263,057
Unamortized Bond Premium	440,337	-	33,390	406,947	-
Bonds and notes payable					
Revenue Bonds Payable	12,060,000	-	965,000	11,095,000	985,000
General Obligation Bond Payable	1,875,000	-	175,000	1,700,000	175,000
Special Assessments Debt	14,676,948	1,346,087	2,504,642	13,518,393	2,621,441
Total bonds and notes payable	28,611,948	1,346,087	3,644,642	26,313,393	3,781,441
Total long-term liabilities	$ 29,839,144	$ 1,617,949	$ 3,921,252	$ 27,535,841	$ 4,044,498

Debt Service Requirements

Annual requirements to amortize outstanding debt at December 31, 2022 are as follows:

	Revenue Bonds Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
2023	$ 985,000	$ 218,173	$ 175,000	$ 25,545
2024	1,010,000	231,788	180,000	21,995
2025	1,040,000	206,763	180,000	18,395
2026	1,065,000	181,038	185,000	14,745
2027	1,085,000	154,738	190,000	10,995
2028 - 2032	4,510,000	351,995	790,000	19,293
2033 - 2037	1,400,000	55,675	-	-
Totals	$ 11,095,000	$ 1,400,170	$ 1,700,000	$ 110,968

	Special Assessments		Total	
	Principal	Interest	Principal	Interest
2023	$ 2,621,441	$ 294,931	$ 3,781,441	$ 538,649
2024	2,143,575	234,234	3,333,575	488,017
2025	1,905,592	180,392	3,125,592	405,550
2026	1,761,276	135,669	3,011,276	331,452
2027	1,164,977	255,764	2,439,977	421,497
2028 - 2032	3,118,320	102,429	8,418,320	473,717
2033 - 2037	803,212	-	2,203,212	55,675
Totals	$ 13,518,393	$ 1,203,419	$ 26,313,393	$ 2,714,557

NOTE 9 CHARGES FOR SERVICES

The District collects fees for the various programs and services it provides to the community. Charges for services revenue consists of the following programs:

Golf	$ 1,999,130
BLAST and Activity Centers	979,243
Aquatic Center	714,325
Adult Programs	531,656
Ice Arenas	345,088
Capital Racquet Fitness Center	364,552
Youth Programs	313,022
Sibley Park	400,761
County Parks	72,461
Pools	230,860
McDowell Dam	271,923
Other Recreational Activities	351,531
High Prairie Arts and Science Complex	40,443
World War Memorial Building	13,233
Park Improvement Fees	389,265
Total charges for services	$ 7,017,493

NOTE 10 PUBLIC RISK POOL

The District is exposed to various risks of loss related 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. Currently there are approximately 2,000 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.

The amount of any settlement did not exceed insurance coverage for any of the prior three fiscal years.

NOTE 11 TRANSFERS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

The following is a list of transfers for the year ended December 31, 2022:

	Transfer To:			
	General Fund	Park Improvement Fund	Construction Fund	Total Transfer From
Transfer from:				
General Fund	$ -	$ 1,169,200	$ 258,800	$ 1,428,000
Special Assessment Fund	125,000	-	-	125,000
Construction Fund	50,000	100,000	-	150,000
Government Construction Fund	45,000	-	-	45,000
Total Transfer To	$ 220,000	$ 1,269,200	$ 258,800	$ 1,748,000

The above transfers into the general fund were made to cover administrative fees of bond issues, dome replacement, and Riverfront maintenance. The above transfers into the Park Improvement Fund were to fund the Capital Ice Complex pledge financing lease payment, VFW Sports Center expansion and improvements, and to fund the purchase of two pickups for park operations. The above transfer into the Construction fund were to fund the Elk Ridge Park Pickleball Fence repairs through insurance proceeds, Marian Park match requirements, and the purchase of an ice resurfacer.

NOTE 12 FUND BALANCES

At December 31, 2022, a summary of the governmental fund balance classifications are as follows:

	General Fund	Special Assessment Fund	Park Improvement Fund	Construction Fund	Debt Service Fund	Government Construction Fund	Total
Restricted for:							
Debt Service	$ -	$ -	$ -	$ -	$ 1,430,824	$ -	$ 1,430,824
Capital Projects	-	-	-	1,103,021	-	-	1,103,021
Special Assessments	-	934,290	-	-	-	-	934,290
Committed to:							
Capital Projects	-	-	773,447	-	-	-	773,447
Sertoma Park Project	-	-	-	258,800	-	-	258,800
Golf Dome Roof Replacement	150,000	-	-	-	-	-	150,000
Assigned to:							
Capital Projects	-	-	941,774	103,296	-	200,551	1,245,621
Unassigned	3,027,761	-	-	-	-	-	3,027,761
	$ 3,177,761	$ 934,290	$ 1,715,221	$ 1,465,117	$ 1,430,824	$ 200,551	$ 8,923,764

NOTE 13 BISMARCK CITY EMPLOYEE PENSION PLAN (BCEPP)

Plan Description

The District participates in the Bismarck City Employee Pension Plan (BCEPP). The BCEPP is a cost sharing, multiple employer public employee retirement system between the City of Bismarck and the Bismarck Parks and Recreation District. The BCEPP document provides for all full-time City and District employees with the exclusion of sworn police officers, non-sworn members of the police department who began employment before December 31, 2006 and members of the firefighter's relief fund.

Plan Membership

Employees being participation at the first day of employment with a vesting period of five years. As of December 31, 2021, the City Employees' Pension Plan membership was as follows:

Retirees and beneficiaries receiving benefits	272
Terminated employees – vested	77
Active employees:	
Vested	301
Non-vested	176
Total members	826

Plan Administration

North Dakota Century Code (NDCC) 40-46 and in accordance with Chapter 9-07 of the Bismarck Code of Ordinance grants the authority to establish and amend the benefit terms to the City Commission. Management of the BCEPP plan is vested in the Board of Trustees which consists of the City Administrator and all department heads with the exception of the Chief of Police.

Benefits Provided

Benefit provisions, amendments, and all requirements are established under the authority of the City Commission. Employees may be eligible for early or normal retirement, as well as death benefits. Normal retirement age for full benefits is age 62. Employees who retire at or after age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.75% of the average of the member's highest 36 months base salary for each full and fractional year of contributing service before January 2005 and 2.25% for contributing service on or after January 2005. Married participants receive a joint and two-thirds to survivor annuity while single participants receive a life only annuity. There are no provisions with respect to automatic and post-retirement benefit increases. Employees with 5 years of credited service may retire at an earlier age and receive an actuarially reduced retirement benefit. Benefit terms may be amended in accordance with North Dakota Century Code 40-46. Chapter 9-07 of the Bismarck Code of Ordinance grants the authority to the Board of City Commissioners to establish and amend the benefit terms.

Prior to January 2005, employees directed the investment of their contribution utilizing a contracted City investment manager. These employees were eligible to receive a distribution of the interest earned on the contributions in excess of 5% upon retirement. Effective January 1, 2005, all employee contributions are invested with the City pension funds and individual self-directed accounts were discontinued. As of December 31, 2004, interest earned in excess of 5% for the individual employee accounts has been transferred to an Employee Excess Retirement Fund as a Custodial Fiduciary Fund. Employee excess retirement accounts continue to be self-directed by the employees but administered by the City in custodial capacity.

Employees or designated beneficiary that separate from the District before attaining the five-year service credit are refunded the employee’s accumulated contribution plus interest earnings at 5% per annum.

Contributions

Employee Contributions - Participating active employees contribute to the plan at a rate of 5% of covered payroll. Employees or designated beneficiary that separate from the District before attaining the five-year service credit are refunded the accumulated contributions plus interest earnings at 5% per annum. Member contributions are made by payroll deductions applied to regular bi-weekly payroll.

Employer Contributions - Employer contributions are based on an actuarial formula identified as entry age normal cost method. This method produces an employer contribution rate consisting of an amount for normal cost and an amount for amortization of the net pension liability over a closed period of 30 years. The annual contribution is approved in the annual adopted budget.

Investments

Investment Policy - The BCEPP investment policy and asset class allocations are established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the BCEPP to pursue an investment strategy to improve the Plan’s funding status to protect and sustain current and future benefits, minimize the employee and employer contributions, avoid substantial volatility in required contribution rates and fluctuations in the Plan’s funding status and to accumulate a funding surplus to provide increases in retiree payments to preserve the purchasing power of their retirement benefits.

BCEPP Board has entered into a contract with the North Dakota State Investment Board (SIB) for investment services as allowed under NDCC 21-10-06 and to implement these policies by investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Management's responsibility that is not assigned to the SIB in Chapter 21-10 of the NDCC is delegated to the SIB who must establish written policies for the operation of the investment program consistent with this investment policy.

The BCEPP Board of Trustee's adopted a long-term investment horizon and asset allocation policy for the management of the fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of December 31, 2021:

Asset Class	Target Allocation
World equity	10%
Large domestic equity	15%
Small domestic equity	4%
Developed international equity	10%
Emerging international equity	3%
Private equity	4%
Domestic fixed income	34%
Real estate	12%
Infrastructure	6%
Timber	2%
	100%

Long-term Expected Return on Plan Assets

The long-term expected rate of return of 7.5% on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates to return by the target asset allocation percentage.

The projected 10-year geometric real rates of return by asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
World equity	7.90%
Large domestic equity	7.60%
Small domestic equity	7.90%
Developed international equity	7.60%
Emerging international equity	8.00%
Private equity	8.80%
Domestic fixed income	3.25%
Real estate	6.40%
Infrastructure	7.50%
Timber	7.10%

Actuarial Assumptions

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	17
Mortality rate	Based on RP-2010 generational mortality projected with Scale MP-2020
Asset valuation method	Market
Valuation method	
Inflation rate	3.25%
Investment rate of return	7.50%
Projected salary increases:	
All active participants	3.25%
Post retirement cost of living adjustments	None

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the BCEPP is calculated at a discount rate of 7.5 percent, as well as what the BCEPP net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share share of the net pension liability (asset)	$ (2,239,029)	$ (182,809)	$ 2,281,811

Proportionate Share of the Net Pension Liability

The District’s portion of the net pension liability (asset) for the BCEPP was recorded at $(182,809) as of December 31, 2022. The calculation was determined by an actuarial valuation based on the present value of future payroll. The District’s proportionate share was 15.07%, which is a decrease of 0.43% from the District’s proportionate share as of December 31, 2021.

Deferred Inflows and Outflows of Resources

The District recognized pension expense of $102,992 during the year ended December 31, 2022. Deferred inflows and outflows of resources related to pensions are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 187,398	$ (99,444)
Changes in assumptions	289,815	(13,211)
Net difference between projected and actual earnings on pension plan investments	-	(1,498,301)
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,212	(49,686)
Employer contributions subsequent to measurement date	391,223	-
Total	$ 923,648	$ (1,660,642)

$391,223 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(asset) 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:	
2023	$ (141,260)
2024	(474,578)
2025	(301,373)
2026	(243,570)
2027	19,322
Thereafter	13,242

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the City of Bismarck's separately issued financial report. The financial report is available on the City of Bismarck's website at www.bismarcknd.gov.

NOTE 14 OTHER POST-EMPLOYMENT BENEFIT PLAN

The District offers and administers a single-employer other post-employment benefit plan. A separately issued plan report is not issued, as there are no assets set aside for the plan. There are no required employer or employee contributions to the plan. Benefits may be changed by revision of the Board of Commissioners. The plan is only available for those employees who were hired by the District prior to November 16, 2017.

Full-time employees with a hire date prior to November 16, 2017 who have worked for the District for fifteen years or more are eligible for an early retirement option within six months of the employee's 59th birthday. Under this early retirement option, the District will continue to pay for the employee's health insurance until the employee reaches age 62 with the amount paid not to exceed the full rate paid for current employees.

From age 62 to 65 of the employee, the District will pay a portion of the health insurance, ranging from 50% to 100% of the health insurance premium, dependent upon the number of years of service by the employee.

Supplemental pay is available to employees who choose early retirement. Employees are eligible for supplemental pay from age 59 to age 62. The payment will be half of the employee's monthly gross salary less pension payments. A minimum payment of $250 per month will be paid if the employee's pension payment is greater than one half the employee's monthly salary. The supplemental payment is capped at $500 per month.

Membership in the plan for early retirement as of December 31, 2022 is as follows:

Retirees and beneficiaries receiving benefits	-
Active employees:	
Vested	-
Non-vested	35

Membership in the plan for health insurance as of December 31, 2022 is as follows:

Retirees and beneficiaries receiving benefits	1
Active employees:	
Vested	-
Non-vested	39

As there are fewer than 100 plan members, the District has elected to use the alternative measurement method. The District has made assumptions on expected beginning date of benefits, turnover (39.82%), and healthcare cost (4.5%) based on historical results the District has experienced. Marital status is assumed to be the same as the employee's current status when projecting the liability. The District has used a discount rate of 2% for early retirement benefits and 2.5% for health insurance benefits to arrive at a present value of the other post-employment benefit liability, which is $401,187 as of December 31, 2022.

Schedules of the change in the OPEB liability is as follows:

Early Retirement Benefits

OPEB Liability	
Service cost	$ (9,494)
Benefit paid	-
Net Change in Total OPEB Liability	(9,494)
OPEB Liability - Beginning	128,582
OPEB Liability - Ending	$ 119,088

Health Insurance Benefits

OPEB Liability	
Service cost	$ (25,918)
Benefit paid	(21,330)
Net Change in Total OPEB Liability	(47,248)
OPEB Liability - Beginning	329,347
OPEB Liability - Ending	$ 282,099

The OPEB liability for early retirement benefits is calculated at a discount rate of 2.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (1.0 percent) or 1 percent higher (3.0 percent) than the current rate:

	1% Decrease 1.00%	Current Discount Rate 2.00%	1% Increase 3.00%
Net OPEB liability for early retirement benefits	$ 136,269	$ 119,088	$ 105,015

The net OPEB liability for health insurance benefits is calculated at a discount rate of 2.5 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (1.5 percent) or 1 percent higher (3.5 percent) than the current rate:

	1% Decrease 1.50%	Current Discount Rate 2.50%	1% Increase 3.50%
Net OPEB liability for health insurance benefits	$ 324,971	$ 282,099	$ 247,555

The net OPEB liability for early retirement benefits is calculated using a 4.5 percent increase in health care costs, as well as what the net OPEB liability would be if it were calculated using a healthcare rate that is 1 percent lower (3.5 percent) or 1 percent higher (5.5 percent) than the current rate:

	1% Decrease 3.50%	Current Health Insurance Rate 4.50%	1% Increase 5.50%
Net OPEB liability for health insurance benefits	$ 279,419	$ 282,099	$ 284,796

The net OPEB liability for health insurance benefits is calculated using a 4.5 percent increase in health care costs, as well as what the net OPEB liability would be if it were calculated using a healthcare rate that is 1 percent lower (3.5 percent) or 1 percent higher (5.5 percent) than the current rate:

	1% Decrease 3.50%	Current Health Insurance Rate 4.50%	1% Increase 5.50%
Net OPEB liability for early retirement benefits	$ 118,043	$ 119,088	$ 120,139

NOTE 15 COMMITMENTS

As of December 31, 2022, the District has the following outstanding commitments for on-going capital projects.

Elk Ridge Park Pickleball Fence	$ 102,001
Hay Creek Neighborhood Park	106,000
J. Hetzel Memorial 4-H Building Playground	167,301
Municipal Country Club wall panels	218,990
Sertoma Fitness Improvements	304,740
Municipal Ballpark Video/Scoreboard	698,494
VFW Sports Center - Rink 3 & Improvements	14,985,030
Other miscellaneous capital projects	94,321
Total commitments	$ 16,676,877

NOTE 16 TAX ABATEMENTS

The City of Bismarck provides five tax abatement programs which includes a Commercial and Residential Renaissance Zone Program, New or Expanding Business Exemptions, and a Commercial and Residential Remodeling Exemption.

As of December 31, 2022, the Renaissance Zone Property Tax Exemptions under North Dakota Century Code 40-63, is for Commercial and Residential buildings located within the renaissance zone that allow for the property to be excluded for up to five years, provided the City approves the exemption. A renaissance zone is a geographical area that the City applies to the State Department of Commerce to designate a portion of the City into a renaissance zone.

The Renaissance Zone Program for commercial and residential properties was established in March 2001 and now encompasses a 39 block area in the downtown area. The purpose of the zone is to encourage reinvestment in downtown properties by providing property tax incentives to commercial and residential owners. There are four different type of Renaissance Zone projects that qualify for property tax exemptions: rehabilitation, purchase with major improvements, purchase only, and historical preservation and renovation. A Renaissance Zone project must be approved by both the City of Bismarck and the North Dakota Department of Commerce before qualifying activity occurs.

New or Expanding Business Exemption under North Dakota Century Code 40-57.1 provides property tax abatements by assisting in establishing industrial plants, expanding and retaining existing businesses. A property tax exemption allows for the property to be excluded for up to five years. The property must have prior certification as a primary sector business by the North Dakota Department of Commerce. A partial or complete exemption from ad valorem taxation under this section for retail sector projects may receive a partial or complete exemption from the City Commission.

The Commercial and Residential Remodeling Exemption under North Dakota Century Code 40-57.02.2 provides property tax abatements by assisting in incentives for remodeling properties that are 30 years or older. This exemption will be for commercial and residential remodeling projects and will only include additions for residential structures. The exemption will be for a maximum of three years. The City Commission must approve the application prior to the exemption.

The amount of taxes abated for the year ended December 31, 2022 for the District was as follows:

Renaissance Zone Exemption - Commercial	$ 14,542
Renaissance Zone Exemption - Residential	4,436
Remodeling Exemption - Residential	192
	$ 19,170

NOTE 17 NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

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

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

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

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.

NOTE 18 CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the District as of December 31, 2022.

NOTE 19 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through May 15, 2023, which is the date these financial statements were available to be issued.

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original / Final Budget	Actual	Variance
Revenues:			
Taxes	$ 9,027,000	$ 8,977,466	$ (49,534)
Intergovernmental	1,227,100	1,717,925	490,825
Charges for services	7,150,000	6,628,228	(521,772)
Investment earnings (loss)	25,000	115,795	90,795
Grants	61,000	18,010	(42,990)
Leases	-	663,448	663,448
Donations	22,700	40,122	17,422
Miscellaneous	395,500	212,997	(182,503)
Total revenues	17,908,300	18,373,991	465,691
Expenditures:			
Current:			
General government	2,654,425	2,256,442	397,983
General maintenance	3,564,350	3,382,510	181,840
Golf	2,094,250	2,226,864	(132,614)
Capital Racquet Fitness Center	536,050	583,879	(47,829)
Aquatic Wellness Center	1,306,800	1,454,417	(147,617)
Pools	894,100	544,960	349,140
Ice arenas	786,300	1,436,826	(650,526)
Forestry	239,500	235,536	3,964
Memorial Building	186,875	204,172	(17,297)
Sibley Park	350,800	321,909	28,891
County parks	193,600	73,608	119,992
McDowell Dam	246,200	225,481	20,719
High Prairie Arts and Science Complex	113,150	106,241	6,909
Other recreational activities	2,824,300	2,741,755	82,545
Capital outlay	262,850	347,364	(84,514)
Capital outlay less than $5,000	855,650	225,705	629,945
Debt service:			
Principal retirement	777,500	775,000	2,500
Interest and fiscal charges	254,100	248,563	5,537
Total expenditures	18,140,800	17,391,232	749,568
Excess of revenues under expenditures	(232,500)	982,759	1,215,259
Other financing sources (uses):			
Proceeds from insurance	12,500	112,201	99,701
Transfers in/out	220,000	(1,208,000)	1,428,000
Total other financing sources (uses)	232,500	(1,095,799)	1,527,701
Excess of revenues and other sources over (under) expenditures	$ -	(113,040)	$ 2,742,960
Fund balance - January 1		3,290,801	
Fund balance - December 31		$ 3,177,761	

See Note to the Required Supplementary Information

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE- SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original / Final Budget	Actual	Variance
Revenues:			
Taxes	$ 2,398,000	$ 2,421,374	$ 23,374
Miscellaneous	120,000	120,001	1
Total revenues	2,518,000	2,541,375	23,375
Expenditures:			
Capital outlay <$5,000	11,050	13,521	(2,471)
Debt service:			
Principal retirement	2,545,000	2,504,642	40,358
Interest and fiscal charges	339,450	337,666	1,784
Issuance costs	7,500	-	7,500
Total expenditures	2,903,000	2,855,829	47,171
Excess of revenues over (under) expenditures	(385,000)	(314,454)	70,546
Other financing sources (uses):			
Transfers out	(125,000)	(125,000)	-
Excess of revenues and other sources over (under) expenditures	$ (510,000)	(439,454)	$ 70,546
Fund balance - January 1		1,373,744	
Fund balance - December 31		$ 934,290	

See Note to the Required Supplementary Information

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS *

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	15.07%	15.50%	14.94%	14.47%	14.52%	13.43%	12.71%	12.36%
Employer's proportionate share of the net pension liability (asset)	$ (182,809)	$ 996,479	$ 1,485,481	$ 2,721,922	$ 1,283,226	$ 1,315,443	$ 1,167,823	$ 119,548
Employer's covered-employee payroll	$ 3,990,385	$ 3,756,434	$ 3,518,193	$ 3,490,169	$ 3,223,952	$ 2,953,755	$ 2,512,248	$ 768,136
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.58%	26.53%	42.22%	77.99%	39.80%	44.53%	46.49%	15.56%
Plan fiduciary net position as a percentage of the total pension liability	100.93%	94.84%	91.64%	83.50%	91.78%	89.86%	89.88%	98.82%

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

See Note to the Required Supplementary Information

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS *

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 179,876	$ 207,117	$ 322,595	$ 320,293	$ 262,486	$ 266,849	$ 209,905	$ 122,820
Contributions in relation to the actuarially determined contribution	$ (391,223)	$ (391,223)	$ (381,662)	$ (373,732)	$ (345,354)	$ (322,654)	$ (269,065)	$ (243,218)
Contribution deficiency (excess)	$ (211,347)	$ (184,106)	$ (59,067)	$ (53,439)	$ (82,868)	$ (55,805)	$ (59,160)	$ (120,398)
Employer’s covered-employee payroll	$ 3,876,516	$ 3,990,385	$ 3,756,434	$ 3,518,193	$ 3,490,169	$ 3,223,952	$ 2,953,755	$ 2,512,248
Contributions as a percentage of covered-employee payroll	10.09%	9.80%	10.16%	10.62%	9.90%	10.01%	9.11%	9.68%

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

See Note to the Required Supplementary Information

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS *

	2022	2021	2020	2019	2018
Early Retirement Benefits					
OPEB Liability					
Service cost	$ (9,494)	$ (42,559)	$ (44,074)	$ 84,581	$ 115,413
Benefit paid	-	22,861	21,500	(11,348)	(17,792)
Net Change in Total OPEB Liability	(9,494)	(19,698)	(22,574)	73,233	97,621
OPEB Liability - Beginning	128,582	148,280	170,854	97,621	-
OPEB Liability - Ending	$ 119,088	$ 128,582	$ 148,280	$ 170,854	$ 97,621
Covered Payroll	$ 2,313,715	$ 2,531,362	$ 2,510,639	$ 2,511,467	$ 2,530,464
District's Total OPEB Liability as a % of Covered Payroll	5.15%	5.08%	5.91%	6.80%	3.86%
Health Insurance Benefits					
OPEB Liability					
Service cost	$ (25,918)	$ 35,153	$ (27,865)	$ 141,728	$ 112,786
Benefit paid	(21,330)	(15,455)	(20,946)	(34,440)	(16,348)
Net Change in Total OPEB Liability	(47,248)	19,698	(48,811)	107,288	96,438
OPEB Liability - Beginning	329,347	309,649	338,015	230,727	134,289
OPEB Liability - Ending	$ 282,099	$ 329,347	$ 289,204	$ 338,015	$ 230,727
Covered Payroll	$ 2,559,228	$ 2,601,956	$ 2,765,641	$ 2,765,641	$ 2,832,811
District's Total OPEB Liability as a % of Covered Payroll	11.02%	12.66%	10.46%	12.22%	8.14%

* Complete data for this schedule is not available prior to 2018.

See Note to the Required Supplementary Information

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general and special assessment funds.

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

- All divisions of the District submit requests for appropriation to the Executive Director of Parks and Recreation so that a budget may be prepared.
- The requests are reviewed in detail with the divisions.
- 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 fiscal year.
- By August 10th of each year, the preliminary budget is presented to the District's board for review and approval.
- The District's board holds public hearings and may modify the preliminary budget.
- The final budget must be adopted before October 7th and submitted to the County Auditor by October 10th of each year.
- Project-length financial plans are adopted for all capital projects funds.
- The current budget, except property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

BISMARCK PARKS AND RECREATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Grant Number	Expenditures
U.S. Department of Interior			
Passed through ND Game and Fish Department:			
Sport Fish Restoration Program: Fox Island Fish Cleaning Station	15.605	See Note 4	$ 3,915
Sport Fish Restoration Program: Fox Island Fish Cleaning Station/Parking Lot Improvements	15.605	F22AF00143	3,260
Total AL #15.605			7,175
Passed through ND Parks and Recreation:			
LWCF-Sertoma Fitness Improvements	15.916	P21AP12098-01	580,391
LWCF-North Central Park Improvements	15.916	P21AP10515-02	542,335
Total AL #15.916			1,122,726
Total U.S. Department of Interior			1,129,901
U.S. Department of Agriculture			
Passed through ND Forest Service - ATB:			
Tree Planting at Riverwood Golf Course	10.664	2021-ATBTP-001	9,280
Total U.S. Department of Agriculture			9,280
U.S. Department of Treasury			
Passed through Burleigh County:			
COVID-19 / Coronavirus State and Local Fiscal Recovery Funds: Broadband Services - Joann Hetzel Memorial 4-H Building	21.027	See Note 4	12,750
Total U.S. Department of Treasury			12,750
Total Expenditures of Federal Awards			$ 1,151,931

See Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards (the "schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the applicable cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

Bismarck Parks and Recreation District has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule includes the federal award activity of Bismarck Parks and Recreation District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bismarck Parks and Recreation District, it is not intended to and does not present the financial position or changes in net position, of the District. The amounts reported on the schedule have been reconciled to and are in agreement with amounts recorded in the accounting records from which the financial statements have been reported.

NOTE 4 AGENCY OR PASS-THROUGH NUMBER

Bismarck Parks and Recreation District received money passed through from multiple grantor agencies. There were no pass-through numbers identified with these grants identified above.

BradyMartz

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Park Commissioners
Bismarck Parks and Recreation District
Bismarck, 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 the Bismarck Parks and Recreation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bismarck Parks and Recreation 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 the Bismarck Parks and Recreation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bismarck Parks and Recreation District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bismarck Parks and Recreation 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*.

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 Bismarck Parks and Recreation District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brady Martz

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

May 15, 2023

BradyMartz

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Park Commissioners
Bismarck Parks and Recreation District
Bismarck, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bismarck Parks and Recreation District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bismarck Parks and Recreation District's major federal programs for the year ended December 31, 2022. Bismarck Parks and Recreation District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bismarck Parks and Recreation District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bismarck Parks and Recreation District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bismarck Parks and Recreation District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bismarck Parks and Recreation District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bismarck Parks and Recreation District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bismarck Parks and Recreation District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bismarck Parks and Recreation District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Bismarck Parks and Recreation District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bismarck Parks and Recreation District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

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

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

Brady Martz

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

May 15, 2023

BISMARCK PARKS AND RECREATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified?	____ yes	x none reported
Noncompliance material to financial statements noted?	____ yes	x no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified?	____ yes	x none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	x no

AL Number(s)	Name of Federal Program or Cluster
15.916	Outdoor Recreation Acquisition, Development and Planning

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	____ yes	x no

Section II - Financial Statement Findings

No findings to be reported under this section.

Section III – Federal Award Findings and Questioned Costs

No findings to be reported under this section.