

**MANDAN PARKS AND
RECREATION DISTRICT**

AUDIT REPORT

December 31, 2022

**MANDAN PARKS AND RECREATION DISTRICT
MANDAN, NORTH DAKOTA**

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For The Year Ended December 31, 2022

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**MANDAN PARKS AND RECREATION DISTRICT
MANDAN, NORTH DAKOTA**

List of Officials
December 31, 2022

Wade Meschke	Board President
Miles Mehlhoff	Vice President
Jennifer Froehlich	Commissioner
Stan Scott	Commissioner
Layn Mudder	Commissioner
Cole Higlin	Director

INDEPENDENT AUDITOR'S REPORT

Park Board
Mandan Parks and Recreation District
Mandan, North Dakota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mandan Parks and Recreation District, Mandan, North Dakota as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Mandan Parks and Recreation 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mandan Parks and Recreation District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Mandan 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.

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 Mandan 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 Mandan 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 Mandan 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.

Emphasis of Matter

New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Mandan Parks and Recreation District adopted GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Component Unit

The Mandan Parks and Recreation Foundation, Inc. was formed as a 501(c)(3) organization during the year ended December 31, 2022. As discussed in Note 1 to the financial statements, the Foundation is reported as a discretely presented component unit of the Mandan Parks and Recreation District.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 38, and the notes to the required supplementary information on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, on our consideration of the Mandan 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mandan Parks and Recreation District's internal control over financial reporting and compliance.

HagaKommer, Ltd.

Haga Kommer, Ltd
Mandan, North Dakota
July 10, 2023

MANDAN PARKS AND RECREATION DISTRICT

Statement of Net Position

December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments	\$ 6,598,069	\$ 435,298	\$ 7,033,367	\$ 1,393
Due from Other Governments	-	-	-	-
Accounts Receivable	156,981	-	156,981	-
Taxes Receivable	48,542	-	48,542	-
Contributions Receivable	2,250,000	-	2,250,000	-
Intergovernmental Receivable	2,508	-	2,508	-
Prepaid Expenses	24,985	-	24,985	-
Leases Receivable	4,203,349	-	4,203,349	-
Capital Assets, Net of Accumulated Depreciation	46,189,340	2,630,014	48,819,354	-
ROU Lease Assets, Net of Accumulated Amortization	150,863	-	150,863	-
TOTAL ASSETS	59,624,637	3,065,312	62,689,949	1,393
LIABILITIES				
Accounts Payable	958,898	115	959,013	-
Sales Tax Payable	-	982	982	-
Salaries & Benefits Payable	110,523	3,333	113,856	-
Interest Payable	54,700	705	55,405	-
Long-Term Liabilities:				
Due Within One Year:				
General Obligation Bonds Payable	95,000	-	95,000	-
Revenue Bonds Payable	-	245,000	245,000	-
Notes Payable	473,133	-	473,133	-
Lease Liabilities	58,386	-	58,386	-
Special Assessments Payable	7,654	-	7,654	-
Due After One Year:				
General Obligation Bonds Payable	805,000	-	805,000	-
Revenue Bonds Payable	-	500,000	500,000	-
Notes Payable	5,743,568	-	5,743,568	-
Lease Liabilities	105,988	-	105,988	-
Special Assessments Payable	61,735	-	61,735	-
Compensated Absences Payable	151,291	4,763	156,054	-
TOTAL LIABILITIES	8,625,876	754,898	9,380,774	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	863,529	81,901	945,430	-
Leases, Net of Accumulated Amortization	4,203,592	-	4,203,592	-
TOTAL DEFERRED INFLOWS OF RESOURCES	5,067,121	81,901	5,149,022	-
NET POSITION				
Net Investment in Capital Assets	38,989,739	1,885,014	40,874,753	-
Restricted for:				
Special Purposes	-	-	-	1,393
Debt Service	220,415	-	220,415	-
Capital Projects	4,748,564	-	4,748,564	-
Unrestricted	1,972,922	343,499	2,316,421	-
TOTAL NET POSITION	\$ 45,931,640	\$ 2,228,513	\$ 48,160,153	\$ 1,393

MANDAN PARKS AND RECREATION DISTRICT
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
<u>Governmental Activities:</u>								
Culture and Recreation	\$ 6,435,108	\$ 2,489,176	\$ -	\$ 3,490,361	\$ (455,571)	\$ -	\$ (455,571)	\$ -
<u>Debt Service:</u>								
Interest & Service Charges	73,855	-	-	-	(73,855)	-	(73,855)	-
Total Governmental Activities	6,508,963	2,489,176	-	3,490,361	(529,426)	-	(529,426)	-
<u>Business-Type Activities:</u>								
Raging Rivers Waterpark	667,873	886,979	-	-	-	219,106	219,106	-
Total Business-type Activities	667,873	886,979	-	-	-	219,106	219,106	-
Total Primary Government	\$ 7,176,836	\$ 3,376,155	\$ -	\$ 3,490,361	(529,426)	219,106	(310,320)	-
<u>Component Unit</u>								
Foundation	\$ 294,725	\$ -	\$ 160	\$ 295,958	-	-	-	1,393
General Revenues:								
Taxes:								
Property taxes; levied for general purposes					2,318,722	-	2,318,722	-
Property taxes; levied for special purposes					100,508	-	100,508	-
Property taxes; levied for capital improvement					501,040	-	501,040	-
Sales Tax					101,892	-	101,892	-
Intergovernmental					674,358	-	674,358	-
Earnings on Investments					59,438	-	59,438	-
Other Revenue					1,117,934	-	1,117,934	-
Gain (Loss) on Disposals					12,781	-	12,781	-
Total General Revenues					4,886,673	-	4,886,673	-
Transfers					221,849	(221,849)	-	-
Total General Revenues and Transfers					5,108,522	(221,849)	4,886,673	-
Change in Net Position					4,579,096	(2,743)	4,576,353	1,393
Net Position - Beginning of Year					41,359,112	2,231,256	43,590,368	-
Prior Period Adjustment (See Note 18)					(6,568)	-	(6,568)	-
Net Position - Beginning of Year as Restated					41,352,544	2,231,256	43,583,800	-
Net Position - End of Year					\$ 45,931,640	\$ 2,228,513	\$ 48,160,153	\$ 1,393

MANDAN PARKS AND RECREATION DISTRICT
Balance Sheet - Governmental Funds
December 31, 2022

	Major Funds					Other	Total
	General	Park's Share of Special Assessments	Capital Improvements	Vision Fund	Construction	Governmental Funds	Governmental Funds
ASSETS:							
Cash and Cash Equivalents	\$ 2,054,067	\$ 147,833	\$ 448,090	\$ 387,217	\$ 3,548,477	\$ 12,385	\$ 6,598,069
Taxes Receivable	37,720	2,422	8,400	-	-	-	48,542
Contributions Receivable	112,500	70,000	-	487,500	1,580,000	-	2,250,000
Accounts Receivable	126,081	-	-	-	30,900	-	156,981
Intergovernmental Receivable	1,958	116	434	-	-	-	2,508
Prepaid Expenses	24,985	-	-	-	-	-	24,985
Leases Receivable	4,203,349	-	-	-	-	-	4,203,349
TOTAL ASSETS	\$ 6,560,660	\$ 220,371	\$ 456,924	\$ 874,717	\$ 5,159,377	\$ 12,385	\$ 13,284,434
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:							
Liabilities:							
Accounts Payable	\$ 91,161	\$ -	\$ 23,350	\$ -	\$ 844,387	\$ -	\$ 958,898
Salary and Benefits Payable	110,523	-	-	-	-	-	110,523
Total Liabilities	201,684	-	23,350	-	844,387	-	1,069,421
Deferred Inflows of Resources:							
Deferred Revenue	863,529	-	-	-	-	-	863,529
Uncollected Taxes	37,720	2,422	8,400	-	-	-	48,542
Leases, Net of Accumulated Amortization	4,203,592	-	-	-	-	-	4,203,592
Total Deferred Inflows of Resources	5,104,841	2,422	8,400	-	-	-	5,115,663
Total Liabilities and Deferred Inflows of Resources	5,306,525	2,422	31,750	-	844,387	-	6,185,084
Fund Balances:							
Nonspendable for:							
Contributions Receivable	112,500	70,000	-	487,500	1,580,000	-	2,250,000
Prepaid Expenses	24,985	-	-	-	-	-	24,985
Restricted	-	147,949	425,174	-	-	44	573,167
Assigned	183,500	-	-	387,217	2,734,990	12,341	3,318,048
Unassigned	933,150	-	-	-	-	-	933,150
Total Fund Balances	1,254,135	217,949	425,174	874,717	4,314,990	12,385	7,099,350
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,560,660	\$ 220,371	\$ 456,924	\$ 874,717	\$ 5,159,377	\$ 12,385	\$ 13,284,434

MANDAN PARKS AND RECREATION DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Governmental Funds
December 31, 2022

Total *Fund Balances* for Governmental Funds \$ 7,099,350

Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 61,773,951	
Less Accumulated Depreciation	<u>(15,584,611)</u>	
Net Capital Assets		46,189,340

ROU Lease Assets used in governmental activities are not financial resources and are not reported in the governmental funds.

ROU Lease Assets	285,671	
Less Accumulated Amortization	<u>(134,808)</u>	
Net ROU Lease Assets		150,863

Property taxes 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 revenues in the funds.

48,542

Long-term liabilities applicable to the Park District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported in the statement of net position. Balances at December 31, 2022 are:

General Obligation Bonds Payable	(900,000)	
Notes Payable	(6,216,701)	
Leases Liabilities	(164,374)	
Special Assessments Payable	(69,389)	
Interest Payable	(54,700)	
Compensated Absences	<u>(151,291)</u>	
Total Long-Term Liabilities		<u>(7,556,455)</u>

Total Net Position of Governmental Activities	<u><u>\$ 45,931,640</u></u>
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MANDAN PARKS AND RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Park's Share of Special Assessments	Capital Improvements	Vision Fund	Construction		
REVENUES:							
Taxes	\$ 2,416,811	\$ 101,972	\$ 500,540	\$ -	\$ -	\$ 44	\$ 3,019,367
Intergovernmental	659,299	20	15,039	-	-	-	674,358
Charges for Services	2,435,543	-	53,633	-	-	-	2,489,176
Interest	50,818	1,322	7,298	-	-	-	59,438
Miscellaneous	786,933	-	60	2,200	328,741	-	1,117,934
Total Revenues	6,349,404	103,314	576,570	2,200	328,741	44	7,360,273
EXPENDITURES:							
Current:							
Culture and Recreation	4,683,066	-	-	-	640,682	-	5,323,748
Capital Outlay	340,908	-	259,471	-	8,068,499	-	8,668,878
Special Assessments	-	62,872	-	-	-	-	62,872
Debt Service:							
Principal	442,592	5,515	-	-	-	100,000	548,107
Interest	16,589	1,564	-	-	-	8,932	27,085
Service Charges	-	-	-	-	-	1,096	1,096
Total Expenditures	5,483,155	69,951	259,471	-	8,709,181	110,028	14,631,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	866,249	33,363	317,099	2,200	(8,380,440)	(109,984)	(7,271,513)
OTHER FINANCING SOURCES (USES):							
Special Assessments Issued	-	62,872	-	-	-	-	62,872
Contributions	24,075	-	-	-	3,160,924	-	3,184,999
Grants	-	-	-	-	305,362	-	305,362
Loan Proceeds	-	-	-	-	6,000,000	-	6,000,000
Lease Liabilities Issued	164,374	-	-	-	-	-	164,374
Proceeds on Sale of Equipment	70,000	-	-	-	-	-	70,000
Transfers In (Out)	(2,154,357)	(110,028)	(627,537)	150,000	2,853,743	110,028	221,849
Total Other Financing Sources (Uses)	(1,895,908)	(47,156)	(627,537)	150,000	12,320,029	110,028	10,009,456
NET CHANGE IN FUND BALANCES	(1,029,659)	(13,793)	(310,438)	152,200	3,939,589	44	2,737,943
FUND BALANCES - January 1, 2022	2,278,052	231,742	735,612	722,517	375,401	12,341	4,355,665
Prior Period Adjustment (See Note 18)	5,742	-	-	-	-	-	5,742
FUND BALANCES - January 1, 2022 as restated	2,283,794	231,742	735,612	722,517	375,401	12,341	4,361,407
FUND BALANCES - December 31, 2022	\$ 1,254,135	\$ 217,949	\$ 425,174	\$ 874,717	\$ 4,314,990	\$ 12,385	\$ 7,099,350

MANDAN PARKS AND RECREATION DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Governmental Funds
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 2,737,943

The change in net position reported for governmental activities in the statement of activities is different because:

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

This consists of the increase in taxes receivable. 2,795

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Capital Assets Purchased	\$ 8,872,820	
Current Year Depreciation Expense	<u>(1,394,739)</u>	
		7,478,081
Right-to-use leased asset capital outlay expenditures which were capitalized	285,671	
Amortization expense for right-to-use assets	<u>(59,117)</u>	
		226,554

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets disposed. (57,219)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt proceeds exceeded repayment of debt.

Issuance of Debt	(6,000,000)	
Special Assessments on New Land	(62,872)	
Leases Issued	(285,671)	
Principal Payments on Lease	57,916	
Repayment of Debt	<u>548,107</u>	
		(5,742,520)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Increase in Compensated Absences	(20,864)	
Net Increase in Interest Payable	<u>(45,674)</u>	
		<u>(66,538)</u>

Change in Net Position of Governmental Activities \$ 4,579,096

MANDAN PARKS AND RECREATION DISTRICT

Statement of Net Position - Proprietary Funds

For the Year Ended December 31, 2022

	<u>Raging Rivers Waterpark</u>
ASSETS:	
Current:	
Cash and Cash Equivalents	\$ 435,298
Noncurrent:	
Capital Assets, Net of Accumulated Depreciation	<u>2,630,014</u>
TOTAL ASSETS	<u>3,065,312</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	115
Sales Tax Payable	982
Salary & Benefits Payable	3,333
Interest Payable	705
Long-Term Liabilities:	
Due Within One Year:	
Revenue Bonds Payable	245,000
Due After One Year:	
Revenue Bonds Payable	500,000
Compensated Absences	<u>4,763</u>
TOTAL LIABILITIES	<u>754,898</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Revenue	<u>81,901</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>81,901</u>
NET POSITION:	
Net Investment in Capital Assets	1,885,014
Unrestricted	<u>343,499</u>
TOTAL NET POSITION	<u>\$ 2,228,513</u>

MANDAN PARKS AND RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	<u>Raging Rivers Waterpark</u>
OPERATING REVENUES:	
Charges for Services	\$ 828,515
Sales Taxes	59,087
Cash Long/(Short)	<u>(623)</u>
TOTAL OPERATING REVENUES	886,979
OPERATING EXPENSES:	
Salaries and Benefits	248,030
Fees and Other Service Charges	16,783
Utilities	76,061
Improvements	11,327
Dues and Memberships	459
Supplies and Maintenance	146,342
Repairs and Maintenance	9,083
Depreciation	95,647
Miscellaneous	<u>57,658</u>
TOTAL OPERATING EXPENSES	<u>661,390</u>
INCOME (LOSS) FROM OPERATIONS	<u>225,589</u>
NON-OPERATING REVENUES (EXPENSES):	
Debt Service:	
Interest	(5,388)
Service Charges	<u>(1,095)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(6,483)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	219,106
Transfers In (Out)	<u>(221,849)</u>
CHANGE IN NET POSITION	(2,743)
Net Position - January 1, 2022	<u>2,231,256</u>
NET POSITION - DECEMBER 31, 2022	<u><u>\$ 2,228,513</u></u>

MANDAN PARKS & RECREATION DISTRICT

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	<u>Raging Rivers Waterpark</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers and Users	\$ 870,432
Payments to Employees	(245,854)
Payments to Suppliers	<u>(321,250)</u>
Net Cash Provided (Used) by Operating Activities	<u>303,328</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Transfers Out	(221,849)
Cash Paid on Capital Assets	(25,555)
Principal Paid on Capital Debt	(343,755)
Interest Paid on Capital Debt	(5,388)
Service Charges Paid on Capital Debt	<u>(1,095)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(597,642)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(294,314)
Cash and Cash Equivalents - January 1	<u>729,612</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 435,298</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 225,589
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	95,647
Increase (Decrease) in Accounts Payable	(344)
Increase (Decrease) in Sales Tax Payable	982
Increase (Decrease) in Salaries & Benefits Payable	273
Increase (Decrease) in Interest Payable	(4,175)
Increase (Decrease) in Deferred Income	(16,547)
Increase (Decrease) in Compensated Absences	<u>1,903</u>
Total Adjustments	<u>77,739</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 303,328</u></u>

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mandan Parks and Recreation District, Mandan, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The more significant of the government's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Park District's financial statements include all funds over which the Park Board exercises oversight responsibility. This includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

Component units are legally separate organizations for which elected officials of the primary government are financially accountable. The Park District may be financially accountable if it appoints a voting majority of the organization's governing body and is either:

- Able to impose its will on that organization, or
- There is potential for the organization to provide specific financial benefits to or impose financial burdens on the Park District. The Park District may be financially accountable if an organization is fiscally dependent on the Park District.

Based on these criteria, the financial statements of the Mandan Parks and Recreation Foundation, Inc. are discretely presented in the accompanying financial statements. The Park District is not includable as a component unit within another reporting entity.

Mandan Parks and Recreation Foundation, Inc. is a 501(c)(3) entity having separate legal standing from the Park District. The mission of the Foundation is: to construct, improve, and maintain park and recreational facilities within the City of Mandan; to make facilities as accessible and inclusive as possible for persons with disabilities; and, to not discriminate against any person based on race, color, religion, national origin, or sex. The Park Board appointed the original Foundation Board members, and the Foundation Board fills its own vacancies thereafter. There is no fiscal dependence by the organization on the Park District. The Park District provides administrative services to the Foundation, and the Park District does not charge for these services. The Foundation is a fundraising entity for the Park District. The Foundation does not meet the specific financial accountability criteria to be included as a component unit. However, the Park District determined that users of the financial statements would benefit from the reporting of the Foundation as a discretely presented component unit.

B. Basis of Presentation

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the primary government, Mandan Parks and Recreation District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Park District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Park District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the Park District's funds. Separate statements for each fund category-*governmental and proprietary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Park District reports the following major governmental funds:

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

Park's Share of Special Assessments. This debt service fund accounts for the financial resources collected to pay the Park District's share of specials assessed by the City as well as the expenditures for the assessed specials.

Capital Improvements Fund. This fund accounts for financial resources used for major capital projects of the Park District.

Vision Fund. This fund was established to designate restricted funds for future long-term repairs to Park District Facilities. These funds will be dedicated to a specific facility or project that required board approval prior to expending the funds.

Construction Fund. This fund was established to account for the financial resources to be used for current and future projects that will take place. It includes contributions received by the Park District for construction of the rodeo arena.

The Park District reports the following major enterprise fund:

Raging Rivers Waterpark Fund. This fund accounts for activities of the Raging Rivers Waterpark. This includes the operations and debt service functions.

C. Measurement Focus/Basis of Accounting

Government-wide and Proprietary Financial Statements. The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Park District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Park District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Park District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Park District's policy to first apply cost-reimbursement grant resources to such programs, and then to general revenues.

Private-sector standards of accounting and financial reporting issues generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, savings accounts, and highly liquid short-term investments with original maturities of three months or less.

E. Investments

Investments are recorded at market value. North Dakota state statute authorizes Park District's to invest their surplus funds in: a) bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress, b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) certificates of deposit fully insured by Federal Deposit Insurance Corporation of the state, d) obligations of the state.

F. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The consumption method is used for accounting for inventories. Under the consumption method, expenditures are recognized as the goods are used.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column and the business-type activities column in the government-wide financial statements. Assets are also reported in the proprietary fund statements. Capital assets are defined by the Park District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
Land Improvements	30
Furniture and Equipment	5
Vehicles and Machinery	5

H. Leases

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 Park 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 term of more than 12 months, or that contain an option to purchase that the Park 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 Park District uses its incremental borrowing rate based on the information available at the lease commencement date. The Park District has made an accounting policy election to use a risk-free rate based on the US Treasury T-Bill rate as of the lease commencement. The Park District accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The Park District continues to record rent income and 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. The amortizable life of the leases and any leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Park District's lease agreements do not include any material residual value guarantees or restrictive covenants.

I. Intangible Assets

The Park District has recorded right-of-use lease assets as a result of implementing GASB Statement No. 87. The right-of-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liabilities plus any lease payments made prior to the lease terms, less lease incentives, and plus ancillary charges necessary to place the leases into service. The right-of-use lease assets are amortized on a straight-line basis over the lives of the related leases.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Compensated Absences

Full-time employees are entitled to annual vacation benefits at the start of their employment. Vacation benefits are earned from eight to eighteen hours per month depending on tenure with the Park District. Employees are allowed to carryover a maximum of 240 hours of vacation as of March 31st of each year. Upon termination of employment, employees will be paid for vacation benefits that have accrued. Vested or accumulated leave for governmental funds is reported as a liability in the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

L. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisitions, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M. Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as operating transfers.

N. Encumbrance Accounting

Encumbrances are commitments related to unperformed contracts for goods and services that may be recorded for budgetary control purposes. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. No reservation of fund balances is provided at year-end.

O. 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 – non-current receivables and prepaids; 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.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Park District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Park District removed 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 Park District’s “intent” to be used for special purposes but are neither restricted nor committed. The park board and 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 Park District’s preference is to first use restricted resources, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

P. Deferred Inflows of Resources

Deferred inflows of resources in the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include uncollected taxes, deferred revenue, and lessor lease agreements. Deferred inflows of resources related to lessor lease agreements are amortized on a straight-line basis over the lives of the related leases.

Q. New Accounting Pronouncement

The following accounting pronouncement has been implemented for the year ended December 31, 2022:

GASB Statement No. 87, *Leases*

This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 2 DEPOSITS – CASH AND INVESTMENTS

In accordance with North Dakota Statutes, the Park District maintains deposits at depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the state of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing entity, and bonds issued by another state of the United States or such other securities approved by the banking board.

At December 31, 2022, the Park District's carrying amount of deposits were as follows:

	<u>Carrying Value</u>	
Primary Government:		
Cash		
Bank Accounts	\$ 5,032,442	
Petty Cash	<u>925</u>	\$ 5,033,367
Investments		
Certificates of Deposit		<u>2,000,000</u>
Total Primary Government		<u>7,033,367</u>
Component Unit - Foundation:		
Cash		
Bank Account	<u>1,393</u>	
Total Component Unit - Foundation		<u>1,393</u>
Total		<u>\$ 7,034,760</u>

The Park District's bank balances, including governmental funds and the component unit, were \$7,168,734. Of the bank balances, \$1,508,629 was covered by Federal Depository Insurance, and \$5,660,105 was collateralized with securities held by the pledging financial institutions' agent not in the Park District's name.

Concentration of Credit Risk: The Park District does not have a limit on the amount the Park District may invest in any one issuer.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consists of money due the Park District for rental fees and reimbursements. No allowance has been established for estimated uncollectible accounts receivable.

NOTE 4 PROPERTY TAX

Under state law, the Park District is limited in its ability to levy property taxes. All Park District tax levies are in compliance with state laws. Property taxes attach as an enforceable lien on property on January 1. A 5% reduction is allowed if paid by February 15th. The first installment is due by March 1 and the second installment is due by October 15. After the due dates, the bill becomes delinquent and penalties and interest are assessed. Taxes are collected by the county and remitted monthly to the Park District.

In its fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Taxes receivable represents the past four years of delinquent uncollected taxes.

In the government-wide financial statements, property taxes are recorded as a receivable and revenue when assessed.

NOTE 5 DUE FROM COUNTY TREASURER

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

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 6 CAPITAL ASSETS

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,236,938	\$ 140,000	\$ -	\$ 6,376,938
Construction in Progress	<u>82,192</u>	<u>8,082,763</u>	<u>-</u>	<u>8,164,955</u>
Total Capital Assets Not Being Depreciated	6,319,130	8,222,763	-	14,541,893
<i>Capital assets, being depreciated:</i>				
Land Improvements	10,994,382	35,904	-	11,030,286
Buildings	28,516,252	33,907	17,000	28,533,159
Building Improvements	2,173,516	254,611	-	2,428,127
Furniture and Equipment	2,233,617	233,484	45,419	2,421,682
Vehicles and Machinery	2,704,778	92,151	60,000	2,736,929
Other Assets	<u>81,875</u>	<u>-</u>	<u>-</u>	<u>81,875</u>
Total Capital Assets Being Depreciated	46,704,420	650,057	122,419	47,232,058
<i>Less accumulated depreciation for:</i>				
Land Improvements	5,310,015	415,212	-	5,725,227
Buildings	4,231,997	584,518	14,780	4,801,735
Building Improvements	560,358	110,797	-	671,155
Furniture and Equipment	2,060,413	74,173	45,420	2,089,166
Vehicles and Machinery	2,027,968	203,190	5,000	2,226,158
Other Assets	<u>64,321</u>	<u>6,849</u>	<u>-</u>	<u>71,170</u>
Total Accumulated Depreciation	<u>14,255,072</u>	<u>1,394,739</u>	<u>65,200</u>	<u>15,584,611</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>32,449,348</u>	<u>(744,682)</u>	<u>57,219</u>	<u>31,647,447</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 38,768,478</u></u>	<u><u>\$ 7,478,081</u></u>	<u><u>\$ 57,219</u></u>	<u><u>\$ 46,189,340</u></u>

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 6 CAPITAL ASSETS – CONTINUED

<u>Enterprise Activities:</u>	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	\$ 653,400	\$ -	\$ -	\$ 653,400
Total Capital Assets Not Being Depreciated	653,400	-	-	653,400
<i>Capital assets, being depreciated:</i>				
Land Improvements	161,130	-	-	161,130
Buildings	1,574,721	-	-	1,574,721
Building Improvements	1,207,881	25,555	-	1,233,436
Vehicles & Machinery	11,620	-	-	11,620
Total Capital Assets Being Depreciated	2,955,352	25,555	-	2,980,907
<i>Less accumulated depreciation for:</i>				
Land Improvements	8,057	5,371	-	13,428
Buildings	409,425	31,495	-	440,920
Building Improvements	479,544	58,781	-	538,325
Vehicles & Machinery	11,620	-	-	11,620
Total Accumulated Depreciation	908,646	95,647	-	1,004,293
<i>Total Capital Assets Being Depreciated, Net</i>	<u>2,046,706</u>	<u>(70,092)</u>	-	<u>1,976,614</u>
Enterprise Activities Capital Assets, Net	<u>\$ 2,700,106</u>	<u>\$ (70,092)</u>	<u>\$ -</u>	<u>\$ 2,630,014</u>

Depreciation expense was charged to functions/programs of the Park District as follows:

<u>Governmental Activities:</u> Culture and Recreation	\$ 1,394,739
<u>Enterprise Activities:</u> Culture and Recreation	\$ 95,647

NOTE 7 ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2022 and chargeable to the appropriations for the years then ended but paid for subsequent to that date.

NOTE 8 SALARIES AND BENEFITS PAYABLE

Salaries and benefits payable consist of amounts earned by employees for services rendered prior to December 31, 2022 but paid subsequent to that date. It also consists of benefits owed to federal, state, and private agencies for amounts withheld from employees' wages as of December 31.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 9 DEFERRED REVENUES

Deferred revenues consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Included in deferred revenues is \$843,749 from the Mandan Public School District for the use of the sports complex from 2023-2031.

NOTE 10 LEASES

Intangible Assets

The Park District has recorded right-of-use lease assets through two lessee lease agreements. The right-of-use lease assets are golf carts leased through Huntington National Bank, and Prairie West Golf Course land leased through the Lower Heart River Water Resource District (LHRWRD). The related leases are discussed in the Lease Liabilities section of this note. The right-of-use lease assets are amortized on a straight-line basis over the terms of the related leases. Right-of-use lease asset activities for the primary government for the year ended December 31, 2022 are as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Right-of-Use Lease Assets:				
Huntington National Bank	\$ -	\$ 234,396	\$ -	\$ 234,396
LHRWRD	<u>-</u>	<u>51,275</u>	<u>-</u>	<u>51,275</u>
Total Right-of-Use Lease Assets	<u>-</u>	<u>285,671</u>	<u>-</u>	<u>285,671</u>
Less Accumulated Amortization for:				
Huntington National Bank	-	117,198	-	117,198
LHRWRD	<u>-</u>	<u>17,610</u>	<u>-</u>	<u>17,610</u>
Total Accumulated Amortization	<u>-</u>	<u>134,808</u>	<u>-</u>	<u>134,808</u>
Right-of-Use Lease Assets, Net	<u><u>\$ -</u></u>	<u><u>\$ 150,863</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 150,863</u></u>

Lease Liabilities

The Park District has entered into lessee lease agreements with Huntington National Bank to lease golf carts and with LHRWRD to lease Prairie West Golf Course land. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. There are no variable payment components in the lessee lease agreements. No options to purchase were included in the agreements.

The golf cart lease agreement commenced on June 1, 2021 and requires 4 minimum annual payments of \$59,310. The golf cart lease agreement expires on May 31, 2025. The lease liability is measured at a risk-free discount rate of 0.81%, as no discount rate was specified in the lease agreement.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 10 LEASES (CONTINUED)

The Prairie West Golf Course land lease agreement commenced on October 1, 1989 and requires 99 annual payments of \$3,800. The Prairie West Golf Course agreement expires on September 30, 2089. The lease liability is measured at a risk-free discount rate of 8.00%, as no discount rate was specified in the lease agreement.

As a result of the leases, the Park District has recorded right-of-use lease assets with a net book value of \$150,863 at December 31, 2022. The right-of-use lease assets are discussed in more detail in the intangible asset section of this note.

The future minimum lease liabilities and the net present value of these minimum lease payments as of December 31, 2022 were as follows:

Year Ending December 31	Principal Payments	Interest Payments	Total
2023	\$ 58,387	\$ 4,723	\$ 63,110
2024	58,861	4,249	63,110
2025	30	3,770	3,800
2026	32	3,768	3,800
2027	35	3,765	3,800
2028 - 2032	220	18,780	19,000
2033 - 2037	323	18,677	19,000
2038 - 2042	475	18,525	19,000
2043 - 2047	698	18,302	19,000
2048 - 2052	1,026	17,974	19,000
2053 - 2057	1,508	17,492	19,000
2058 - 2062	2,215	16,785	19,000
2063 - 2067	3,255	15,745	19,000
2068 - 2072	4,783	14,217	19,000
2073 - 2077	7,028	11,972	19,000
2078 - 2082	10,326	8,674	19,000
2083 - 2087	15,172	3,828	19,000
	<u>\$ 164,374</u>	<u>\$ 201,246</u>	<u>\$ 365,620</u>

During the year ended December 31, 2022, the following changes occurred in lease liabilities:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022	Current Portion of Balance
Lease Liabilities:					
Huntington National Bank	\$ -	\$ 117,194	\$ -	\$ 117,194	\$ 58,361
LHRWRD	-	47,180	-	47,180	25
Total Lease Liabilities	<u>\$ -</u>	<u>\$ 164,374</u>	<u>\$ -</u>	<u>\$ 164,374</u>	<u>\$ 58,386</u>

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 10 LEASES (CONTINUED)

Deferred Inflows of Resources

The Park District has recorded deferred inflows of resources related to four lessor lease agreements. The Park District entered into lessor lease agreements with: Dakota Star Gymnastics; IWG-TLA Telecom 2, LLC; Bismarck-Mandan Stock Car Association, Inc.; and Mandan Tennis Center, LLC. The related leases are discussed in the Leases Receivable section of this note. The deferred inflows of resources are amortized on a straight-line basis over the terms of the related leases. Lease-related deferred inflows of resources activities for the primary government for the year ended December 31, 2022 are as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Deferred Inflows of Resources				
Dakota Star Gymnastics	\$ -	\$ 116,152	\$ -	\$ 116,152
IWG-TLA Telecom 2, LLC	-	138,666	-	138,666
Bismarck-Mandan Stock Car Association	-	74,349	-	74,349
Mandan Tennis Center, LLC	-	4,011,836	-	4,011,836
Total Deferred Inflows of Resources	-	4,341,003	-	4,341,003
Less Accumulated Amortization for:				
Dakota Star Gymnastics	-	69,691	-	69,691
IWG-TLA Telecom 2, LLC	-	23,111	-	23,111
Bismarck-Mandan Stock Car Association	-	44,609	-	44,609
Mandan Tennis Center, LLC	-	-	-	-
Total Accumulated Amortization	-	137,411	-	137,411
Deferred Inflows of Resources, Net	\$ -	\$ 4,203,592	\$ -	\$ 4,203,592

Leases Receivable

The Park District has entered into lessor lease agreements to lease gymnasium space, a cell phone tower site, a stock car race track facility, and a tennis center. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments due as of the date of their inception.

The gymnasium lease agreement with Dakota Star Gymnastics commenced on January 1, 2020 and requires 60 monthly payments to the Park District. Monthly payments during 2020 were \$1,675 per month. Monthly payments increase \$175 on each anniversary of the lease commencement. The gymnasium lease agreement expires on December 31, 2024. The lease receivable is measured at a risk-free discount rate of 1.67%, as no discount rate was specified in the lease agreement. There was no renewal option included.

The cell phone tower site lease agreement with IWG-TLA Telecom 2, LLC commenced on September 1, 2022 and requires six annual payments. The first year payment due to the Park District was \$30,000 upon closing, with \$25,000 to be paid on every anniversary for an additional five years. The cell phone tower site lease agreement expires on August 31, 2028. The lease receivable is measured at a risk-free discount rate of 3.36%, as no discount rate was specified in the lease agreement. There was no renewal option included.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 10 LEASES (CONTINUED)

The stock car race track lease agreement with the Bismarck-Mandan Stock Car Association commenced on January 1, 2020 and requires five annual lease payments. The first year payment due to the Park District was \$14,500, with a \$500 increase in the annual payment each year. The stock car race track lease agreement expires on December 31, 2024. The lease receivable is measured at a risk-free discount rate of 1.37%, as no discount rate was specified in the lease agreement. There was no renewal option included.

The tennis center lease agreement with Mandan Tennis Center, LLC commenced on July 18, 2022 and requires 240 monthly payments to the Park District of \$22,976 per month. The first payment was received in February 2023. The tennis center lease agreement expires on February 1, 2043. The lease receivable is measured at a risk-free discount rate of 3.39%, as no discount rate was specified in the lease agreement. Mandan Tennis Center, LLC has the first right of refusal to renew the lease under terms and conditions to be negotiated.

The Park District recorded the following leases receivable at December 31, 2022:

	Lease Receivable
Dakota Star Gymnastics	\$ 51,305
IWG-TLA Telecom 2, LLC	109,641
Bismarck-Mandan Stock Car Association	30,567
Mandan Tennis Center, LLC	<u>4,011,836</u>
Total	<u>\$ 4,203,349</u>

The future minimum leases receivable and the net present value of these minimum lease receipts as of December 31, 2022 were as follows:

Year Ended				
December 31	Principal	Interest	Total	
2023	\$ 204,988	\$ 115,148	\$ 320,136	
2024	211,251	134,461	345,712	
2025	173,734	126,978	300,712	
2026	178,249	122,463	300,712	
2027	182,969	117,744	300,713	
2028 - 2032	900,188	478,372	1,378,560	
2033 - 2037	1,066,209	312,351	1,378,560	
2038 - 2042	1,262,850	115,711	1,378,561	
2043 - 2047	<u>22,911</u>	<u>65</u>	<u>22,976</u>	
Total	<u>\$ 4,203,349</u>	<u>\$ 1,523,293</u>	<u>\$ 5,726,642</u>	

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 11 LONG-TERM LIABILITIES

During the year ended December 31, 2022, the following changes occurred in long-term liabilities.

<u>Governmental Activities:</u>	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Compensated Absences *	\$ 130,427	\$ 20,864	\$ -	\$ 151,291	\$ -
Notes Payable	657,154	6,000,000	440,453	6,216,701	473,133
GO Bonds Payable	1,000,000	-	100,000	900,000	95,000
Special Assessment Payable	14,171	62,872	7,654	69,389	7,654
Total Governmental Activities	<u>\$ 1,801,752</u>	<u>\$ 6,083,736</u>	<u>\$ 548,107</u>	<u>\$ 7,337,381</u>	<u>\$ 575,787</u>

<u>Business-type Activities:</u>	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Compensated Absences *	\$ 2,860	\$ 1,903	\$ -	\$ 4,763	\$ -
Notes Payable	93,754	-	93,754	-	-
2021 Revenue Bonds Payable	995,000	-	250,000	745,000	245,000
Total Business-type Activities	<u>\$ 1,091,614</u>	<u>\$ 1,903</u>	<u>\$ 343,754</u>	<u>\$ 749,763</u>	<u>\$ 245,000</u>

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 11 LONG-TERM LIABILITIES – CONTINUED

Outstanding debt (excluding compensated absences) at December 31, 2022 consists of the following issues:

Governmental Activities:

Notes Payable:

\$313,363 Note dated February 1, 2012 for major repairs to the Mandan Community Center Pool Area, due in annual payments of \$23,844, which includes interest at 1.7% through February 1, 2026.	\$ 91,455
\$300,000 Note dated December 1, 2019 for the purchase of park and golf equipment, due in annual payments of \$65,400, which includes interest at 2.90% through December 2, 2024	125,246
\$4,000,000 Note dated August 5, 2022 for the construction of the tennis center, due in annual payments of \$273,661, which includes interest at 3.215% through December 10, 2042.	4,000,000
\$2,000,000 Note dated August 5, 2022 for the construction of the rodeo arena due in annual payments of \$321,669, which includes interest at 3.01% through August 5, 2029	<u>2,000,000</u>
Total	6,216,701

Bonds Payable:

\$1,000,000 general obligation bonds issued October 1, 2021 to pay off city special assessments, due in annual installments of \$95,000 to \$100,000 through May 1, 2031; interest at 0.375% to 1.25%.	900,000
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Special Assessments:

Special assessments dated over various years from 2015 to 2022. The maturities vary per issue and extend through 2041. The interest rates vary from 0.00 to 4.37%.	<u>69,389</u>
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TOTAL	<u><u>\$ 7,186,090</u></u>
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Business-type Activities:

Revenue Bonds:

\$995,000 Revenue Refunding Bonds of 2021 due in annual installments of \$245,000 to \$250,000 through May 1, 2025; interest at 0.4% to 0.65%.	<u>\$ 745,000</u>
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TOTAL	<u><u>\$ 745,000</u></u>
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Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 11 LONG-TERM LIABILITIES – CONTINUED

The annual requirements to amortize the outstanding debt are as follows:

Year	Governmental Activities					
	Notes Payable		GO Bonds Payable		Special Assessments	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 473,133	\$ 211,441	\$ 95,000	\$ 7,866	\$ 7,654	\$ 636
2024	503,976	180,598	100,000	7,500	7,654	516
2025	454,465	164,708	100,000	6,938	7,654	395
2026	468,420	150,753	100,000	6,188	7,654	275
2027	458,965	136,365	100,000	5,437	7,654	154
2028-2032	1,525,219	486,423	405,000	10,219	31,119	34
2033-2037	1,071,520	296,784	-	-	-	-
2038-2042	1,261,003	107,300	-	-	-	-
TOTAL	<u>\$ 6,216,701</u>	<u>\$ 1,734,372</u>	<u>\$ 900,000</u>	<u>\$ 44,148</u>	<u>\$ 69,389</u>	<u>\$ 2,010</u>

Year	Business-Type Activities	
	Revenue Bonds Payable	
	Principal	Interest
2023	\$ 245,000	\$ 3,740
2024	250,000	2,438
2025	250,000	812
TOTAL	<u>\$ 745,000</u>	<u>\$ 6,990</u>

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 12 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2022:

Funds	Transfers In	Transfers Out
General Fund	\$ 65,400	
Construction Fund	541,750	
Raging Rivers	20,386	
Capital Improvement		\$ 627,536
<i>Transfer funds for loan payment, park maintenance shop, and Raging Rivers renovation, and Raging Rivers boilers.</i>		
Construction Fund	1,976,655	
Raging Rivers	93,102	
Vision Fund	150,000	
General Fund		2,219,757
<i>Transfer for loan payment, park maintenance shop, tennis center, irrigation project, Faris Field, and surplus golf funds for future golf maintenance shop</i>		
Refunding Improvement Bonds	255,825	
Construction Fund	335,337	
Raging Rivers		591,162
<i>Transfer funds to pay for Raging Rivers 2021 bonds and Raging Rivers renovation matching funds. A separate fund is used for Raging Rivers bonds.</i>		
General Obligation Bond Fund	110,028	
Park's Share of Special Assessments Fund		110,028
<i>Transfer funds for payment of specials refinanced with the G.O. Bond</i>		

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 13 RISK MANAGEMENT

Mandan Parks and Recreation District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Mandan Parks and Recreation District pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRF is limited to losses of one million dollars per occurrence for general liability and automobile and \$3,908,589 for inland marine.

Mandan Parks and Recreation District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The park district pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides the Park District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Mandan Parks and Recreation District has workers compensation with the Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

NOTE 14 PENSION PLAN

Mandan Parks and Recreation District participates in the City of Mandan pension plan, which provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Effective January 1, 2014, employees are eligible to participate after reaching age 19 and may enroll immediately upon hire. City ordinance requires that the employee contribute at least 2% of the employee's base salary each month. These employee contributions are invested in the City of Mandan Deferred Compensation Plan. Participating employees are immediately 100% vested in the employee's contributions. The Park District's contribution of 8% for each participating employee is invested in the City of Mandan North Dakota Retirement Plan and Trust. Participating employees vest in the employer contributions made on the employee's behalf as follows:

Upon completion of one year of service – 25%

Upon completion of two years of service – 50%

Upon completion of three years of service – 75%

Upon completion of four years of service – 100%

Employees are entitled to their vested account balance. Employees may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution. The Park District's contributions and related interest forfeited by employees who leave employment before becoming fully vested are allocated to eligible plan participants who are employed on the last day of the plan year.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 14 PENSION PLAN – CONTINUED

The Park District's required and actual contributions for the years ended December 31, 2022, 2021, and 2020 were \$104,699, \$103,080, and \$101,372, respectively.

The Park District's employee contributions for the years ended December 31, 2022, 2021, and 2020 were \$113,810, \$129,334, and \$127,495, respectively.

The City of Mandan issues a publicly available financial report that includes financial information and the required supplementary information for the City's pension plan. That report can be obtained by writing to the City of Mandan, 205 2nd Ave. NW, Mandan, North Dakota 58554.

NOTE 15 BUDGET AMENDMENTS

The board of Park District commissioners approved the following amendments to the Park District budget:

For the Year Ended December 31, 2022:

	REVENUE AND OTHER FINANCING SOURCES		
	Original Budget	Amendment	Amended Budget
Construction Fund	\$ 1,980,000	\$ 10,081,590	\$ 12,061,590
Vision Fund	62,500	150,000	212,500

	EXPENDITURES AND OTHER FINANCING USES		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 5,757,000	\$ 1,706,692	\$ 7,463,692
Capital Improvements Fund	475,600	405,803	881,403
Raging Rivers Fund	755,700	335,337	1,091,037
Construction Fund	1,980,000	8,096,026	10,076,026

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 16 CONTRIBUTIONS RECEIVABLE

At December 31, 2022, the contributions receivable in the governmental funds are detailed as follows:

General Fund	
All Seasons Arena	\$ 50,000
Soccer Complex	62,500
Park's Share of Special Assessments Fund	
Softball Parking Lot	70,000
Vision Fund	
Starion Sports Complex	487,500
Construction Fund	
Rodeo Arena	<u>1,580,000</u>
	<u>\$ 2,250,000</u>

NOTE 17 TAX ABATEMENTS

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments to the citizens of those governments.

Mandan Parks and Recreation District and political subdivisions within Morton County can negotiate property tax abatement agreements with individuals and various commercial entities/businesses. Morton County and the political subdivisions within have the following types of tax abatement agreements with various individuals and commercial entities at December 31, 2022.

The Park District will state individually the parties who received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

New and Expanding Business

Allows for incentive in the form of property tax exemption, payments in lieu of taxes, or a combination of both, to qualifying business. (N.D.C.C. § 40-57-1)

Property Tax Exemption

Certain single family, condominium, & townhouse residential properties, (N.D.C.C. § 57-02-08(35) & (42)), allows for newly constructed homes, excluding land, to be exempt for up to two years, up to a maximum of \$75,000 of the home's value.

Property Tax Exemption for Improvements

Improvements made to existing commercial and residential buildings, (N.D.C.C. Ch. 57-02.2), allows for value added resulting from the improvements made to the property to be exempt from assessment and taxation for up to five years from the date of the commencement of making the improvements.

NOTE 17 TAX ABATEMENTS – CONTINUED

Tax Increment Financing

Allows for providing a property tax exemption to provide assistance in a development or urban renewal area for the development of commercial or industrial property or for the elimination and prevention of the development or spread of slums and blight, (N.D.C.C § 40-58-20).

Renaissance Zone Property Tax Exemption

This incentive is to encourage the purchase, lease, rehabilitation, or historical preservation or renovation of properties within the zone. Allows commercial and residential properties located within a renaissance zone to be exempt for up to five years (N.D.C.C. Ch. 40-63).

Religious Organization Exemption

All buildings owned by any religious corporation or organization and used exclusively for religious purposes of the organization that meet state requirements of (N.D.C.C. § 57-02-09) are eligible for property tax incentives.

Public Charity Exemption

Public charities are eligible for property tax incentives if they meet state requirements (N.D.C.C. § 57-02-08(8)) and the guidelines stated below.

All buildings belonging to institutions of public charity, including public hospitals and nursing homes licenses pursuant to N.D.C.C. § 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner.

Property is exempt if the qualified facility is used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit.

Blind Exemption

Residential homes owned and occupied by an individual who is blind shall be exempt up to \$160,000 of the building value. Homes that are owned by a spouse of a blind person shall also be exempt within the limits of this exemption as long as the blind person resides in the home.

Wheelchair Exemption

Residential homes owned and occupied by a permanently and total disabled person who is permanently confined to use of a wheelchair is eligible for an exemption of up to \$100,000 of the true and full value of fixtures, buildings, and improvements. Land is taxable.

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 17 TAX ABATEMENTS – CONTINUED

The total reduction in property tax revenue due to tax abatements is as follows:

Program	Reductions in Property Tax Revenue
New and Expanding Business	\$ 7,117
New Construction	5,285
Renaissance Zone	21,077
Other	6,775
Total Exemptions	<u>\$ 40,254</u>

No party received a benefit of the reduction in taxes that exceeded 20% of the total exemptions listed above.

NOTE 18 CORRECTION OF AN ERROR

The beginning fund balance of the general fund at January 1, 2022 has been restated to reflect the implementation of GASB Statement No. 87, *Leases*. The effect on the beginning balance of the general fund is as follows:

Fund Balance, General Fund - Beginning of Year, as previously reported	\$ 2,278,052
Record Beginning of Year Lease Receivable for Dakota Star Gymnastics	74,596
Record Beginning of Year Deferred Inflows of Resources for Dakota Star Gymnastics lease	(69,691)
Record Beginning of Year Lease Receivable for IWG-TLA Telecom 2, LLC	138,666
Record Beginning of Year Deferred Inflows of Resources for IWG-TLA Telecom 2, LLC lease	(138,666)
Record Beginning of Year Lease Receivable for Bismarck-Mandan Stock Car Association	45,447
Record Beginning of Year Deferred Inflows of Resources for Bismarck-Mandan Stock Car Association lease	(44,610)
Fund Balance, General Fund - Beginning of Year, as restated	<u>\$ 2,283,794</u>

The correction to the beginning fund balance of the general fund totaled \$5,742.

The beginning net position at January 1, 2022 has been restated to reflect the implementation of GASB Statement No. 87, *Leases*. The effect on the beginning net position is as follows:

Total Net Position - Beginning of Year, as previously reported	\$ 41,359,112
Record Beginning of Year Lease Receivable for Dakota Star Gymnastics	74,596
Record Beginning of Year Deferred Inflows of Resources for Dakota Star Gymnastics lease	(69,691)
Record Beginning of Year Lease Receivable for IWG-TLA Telecom 2, LLC	138,666
Record Beginning of Year Deferred Inflows of Resources for IWG-TLA Telecom 2, LLC lease	(138,666)
Record Beginning of Year Lease Receivable for Bismarck-Mandan Stock Car Association	45,447
Record Beginning of Year Deferred Inflows of Resources for Bismarck-Mandan Stock Car Association lease	(44,610)
Record Beginning of Year Net ROU Lease Asset for Huntington National Bank golf cart lease	175,797
Record Beginning of Year Lease Liability for Huntington National Bank golf cart lease	(175,086)
Record Beginning of Year Net ROU Lease Asset for LHRWRD Prairie West Golf Course land lease	34,183
Record Beginning of Year Lease Liability for LHRWRD Prairie West Golf Course land lease	(47,204)
Total Net Position - Beginning of Year, as restated	<u>\$ 41,352,544</u>

The correction of the beginning net position for governmental activities totaled \$(6,568).

Mandan Parks and Recreation District
Notes to Basic Financial Statements
December 31, 2022

NOTE 19 FUND BALANCES

At December 31, 2022, the summary of the governmental fund balance classification is as follows:

	General Fund	Park's Share of Special Assessments	Capital Improvements	Vision Fund	Construction	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Contributions Receivable	\$ 112,500	\$ 70,000	\$ -	\$ 487,500	\$ 1,580,000	\$ -	\$ 2,250,000
Prepaid Expenses	24,985	-	-	-	-	-	24,985
Restricted							
Debt Service	-	147,949	-	-	-	44	147,993
Capital Projects	-	-	425,174	-	-	-	425,174
Assigned							
Park Fees Collected	183,500	-	-	-	-	-	183,500
National Softball Tournament	-	-	-	-	-	12,341	12,341
Major Repairs & Replacements	-	-	-	387,217	-	-	387,217
Capital Projects	-	-	-	-	2,734,990	-	2,734,990
Unassigned							
General Fund	<u>933,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,150</u>
Total Fund Balances	<u>\$ 1,254,135</u>	<u>\$ 217,949</u>	<u>\$ 425,174</u>	<u>\$ 874,717</u>	<u>\$ 4,314,990</u>	<u>\$ 12,385</u>	<u>\$ 7,099,350</u>

NOTE 20 SUBSEQUENT EVENT

The Park District evaluated its December 31, 2022 financial statements for subsequent events through July 10, 2023. In May 2023, the Park Board approved revenue bond financing of \$1.8 million for construction of a new park operations maintenance building. The Park Board is scheduled to approve the sale of the revenue bonds in July 2023.

***REQUIRED
SUPPLEMENTARY
INFORMATION***

MANDAN PARKS AND RECREATION DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 2,135,000	\$ 2,135,000	\$ 2,416,811	\$ 281,811
Intergovernmental	467,000	467,000	659,299	192,299
Charges for Services	1,740,700	1,740,700	2,435,543	694,843
Interest	15,000	15,000	50,818	35,818
Miscellaneous	411,700	411,700	786,933	375,233
Total Revenues	<u>4,769,400</u>	<u>4,769,400</u>	<u>6,349,404</u>	<u>1,580,004</u>
EXPENDITURES:				
Current:				
Culture and Recreation	4,451,000	4,669,471	4,683,066	(13,595)
Capital Outlay	40,000	115,465	340,908	(225,443)
Debt Service:				
Principal	345,900	532,000	442,592	89,408
Interest	20,100	20,100	16,589	3,511
Total Expenditures	<u>4,857,000</u>	<u>5,337,036</u>	<u>5,483,155</u>	<u>(146,119)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(87,600)</u>	<u>(567,636)</u>	<u>866,249</u>	<u>1,433,885</u>
OTHER FINANCING SOURCES (USES):				
Contributions	22,000	22,000	24,075	2,075
Lease Liabilities Issued	-	-	164,374	164,374
Proceeds on Sale of Equipment	-	-	70,000	70,000
Transfers In (Out)	<u>(834,400)</u>	<u>(2,061,056)</u>	<u>(2,154,357)</u>	<u>(93,301)</u>
Total Other Financing Sources (Uses)	<u>(812,400)</u>	<u>(2,039,056)</u>	<u>(1,895,908)</u>	<u>143,148</u>
NET CHANGE IN FUND BALANCES	(900,000)	(2,606,692)	(1,029,659)	1,577,033
FUND BALANCES - January 1, 2022	2,278,052	2,278,052	2,278,052	-
Prior Period Adjustment (See Note 18)	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>5,742</u>
FUND BALANCES - January 1, 2022 as restated	<u>2,278,052</u>	<u>2,278,052</u>	<u>2,283,794</u>	<u>5,742</u>
FUND BALANCES - December 31, 2022	<u>\$ 1,378,052</u>	<u>\$ (328,640)</u>	<u>\$ 1,254,135</u>	<u>\$ 1,582,775</u>

Mandan Parks and Recreation District
Notes to Required Supplementary Information
December 31, 2022

NOTE 1 BUDGETS

The park board adopts a budget on the modified accrual basis, which is generally accepted in the United States of America. The budget is presented for the general fund and major special revenue funds. The board is required to present the adopted and final amended budgeted receipts and disbursements for the fund.

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

- On or before August 10th of the preceding fiscal year, the Park District prepares a preliminary budget for the next succeeding year beginning January 1st. The preliminary budget includes a detailed breakdown of the estimated revenues and appropriations.
- The final budget must be submitted to the county auditor no later than October 10th.
- The governing board may amend the budget during the year for any revenue and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.
- All annual appropriations lapse at year-end.

The actual expenditures were over budget on certain line items but, as a whole, actual expenditures were less than budgeted expenditures and no remedial action is anticipated.

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*

Park Board
Mandan Parks and Recreation District
Mandan, North Dakota

We were engaged to audit, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mandan 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 Mandan Parks and Recreation District's basic financial statements and have issued our report thereon dated July 10, 2023.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the Mandan Parks and Recreation District, we considered the Mandan Parks and Recreation District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mandan Parks and Recreation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mandan Parks and Recreation District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency 2022-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiency 2022-002 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Mandan Parks and Recreation District, 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*.

Mandan Parks and Recreation District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Mandan Parks and Recreation District's response to the findings identified in our engagement and described in the accompanying schedule of findings. The Mandan Parks and Recreation District's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Haga Kommer, Ltd.
Haga Kommer, Ltd
Mandan, North Dakota
July 10, 2023

MANDAN PARKS AND RECREATION DISTRICT

Schedule of Findings

For the Year Ended December 31, 2022

Finding 2022-001: Preparation of Financial Statements

Condition – The financial statements and related notes are prepared by the Park District’s auditors.

Criteria – Management is responsible for the preparation and fair presentation of the financial statements in conformity with generally accepted accounting principles.

Cause – Limited time and resources of the Park District to prepare the financial statements in the format required by generally accepted accounting principles.

Effect – An increased risk of material misstatement in the Park District’s financial statements.

Recommendation – The board should review the financial statements for accuracy and accept responsibility for the preparation and fair presentation of the GAAP financial statements even if the auditor assisted in drafting the financial statements and notes.

Management’s Response – The accounting manager reviews the audit report each year to make sure the financial statements and note disclosures are a fair presentation for the Park District.

Finding 2022-002: Segregation of Duties

Condition – The Park District has lack of segregation of duties in certain areas due to a limited staff.

Criteria – A good system of internal control contemplates an adequate segregation of duties so that no individual has access to a transaction from inception to completion.

Cause – There are a limited number of staff members available for these duties.

Effect – Inadequate segregation of duties could adversely affect the Park District’s ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation –The most effective controls lie in the board’s knowledge of matters relating to the Park District’s operations. Board members should periodically review documentation supporting individual transactions. Regarding Raging Rivers, there are several individuals who have access to cash and inventory and it is important that management adhere to the internal control procedures established.

Management’s Response – The Park District is aware of the limitations and will add controls where feasible.