

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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MANDAN PARKS AND RECREATION DISTRICT
LIST OF OFFICIALS
DECEMBER 31, 2023

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2023, 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 aggregate discretely presented component unit each major fund, and the aggregate remaining fund information of the Mandan Parks and Recreation District as of December 31, 2023, 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.

Emphasis of Matter – Prior Period Adjustment

As described in Note 11 to the financial statements, the Park District recorded prior period adjustments to the December 31, 2022 financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Required Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the list of officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mandan Parks and Recreation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mandan Parks and Recreation District's internal control over financial reporting and compliance.



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

June 13, 2024

MANDAN PARKS AND RECREATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Foundation
	Governmental	Business	Total	Component Unit
	Activities	Activities		
ASSETS:				
Current assets:				
Cash and investments	\$ 7,071,877	\$ 464,364	\$ 7,536,241	\$ 31,853
Accounts receivable	388,087	919	389,006	-
Lease interest receivable	11,197	-	11,197	-
Taxes receivable	62,207	-	62,207	-
Contributions receivable	321,896	-	321,896	170,466
Prepaid expenses	25,416	-	25,416	-
Leases receivable	214,543	-	214,543	-
Total current assets	8,095,223	465,283	8,560,506	202,319
Non-current assets:				
Contributions receivable, net of current portion	1,367,129	-	1,367,129	397,678
Lease receivable, net of current portion	3,804,978	-	3,804,978	-
Capital assets, net of accumulated depreciation	49,621,299	3,673,455	53,294,754	-
Total non-current assets:	54,793,406	3,673,455	58,466,861	397,678
Total assets	62,888,629	4,138,738	67,027,367	599,997
LIABILITIES:				
Current liabilities				
Accounts payable	680,962	3,167	684,129	-
Salaries and benefits payable	102,954	3,400	106,354	-
Unearned revenue	31,854	83,149	115,003	-
Interest payable	48,598	542	49,140	-
Total current liabilities:	864,368	90,258	954,626	-
Long-term liabilities				
Due within one year				
Long term debt	878,777	250,000	1,128,777	-
Due after one year				
Compensated absences payable	123,232	3,479	126,711	-
Long term debt	8,763,602	250,000	9,013,602	-
Total liabilities	10,629,979	593,737	11,223,716	-
DEFERRED INFLOWS OF RESOURCES:				
Leases	4,731,826	-	4,731,826	-
NET POSITION:				
Net investment in capital assets	39,930,322	3,173,455	43,103,777	-
Restricted:				
Debt service	12,155	-	12,155	-
Special purposes	208,428	-	208,428	599,997
Capital projects	4,539,577	-	4,539,577	-
Unrestricted	2,836,342	371,546	3,207,888	-
Total net position	\$ 47,526,824	\$ 3,545,001	\$ 51,071,825	\$ 599,997

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Foundation Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Functions/Programs								
Primary Government								
Governmental Activities:								
Culture and recreation	\$ 7,381,000	\$ 3,618,775	\$ 96,475	\$ 1,417,015	\$ (2,248,735)		\$ (2,248,735)	
Debt Service								
Interest and service charges	319,902	-	-	-	(319,902)		(319,902)	
Total Governmental Activities	7,700,902	3,618,775	96,475	1,417,015	(2,568,637)		(2,568,637)	
Business-type Activities								
Raging Rivers Waterpark	750,101	827,962	-	-		\$ 77,861	77,861	
Total Business-type Activities	750,101	827,962	-	-		77,861	77,861	
Total Primary Government	\$ 8,451,003	\$ 4,446,737	\$ 96,475	\$ 1,417,015	(2,568,637)	77,861	(2,490,776)	
Component Unit	\$ 927,717	\$ -	\$ -	\$ 1,649,983				\$ 722,266
General Revenues								
Taxes								
Property taxes, levied for general purposes					2,560,289	-	2,560,289	-
Property taxes, levied for special purposes					279,610	-	279,610	-
Property taxes, levied for capital improvement					558,473	-	558,473	-
Sales tax					-	59,957	59,957	-
Intergovernmental					872,079	-	872,079	-
Investment earnings					246,939	9,100	256,039	446
Gain on disposal of assets					16,500	-	16,500	-
Miscellaneous					395,620	-	395,620	17,230
Transfer from component unit to primary government					179,200	-	179,200	(179,200)
Transfers					(1,169,570)	1,169,570	-	-
Total general revenues					3,939,140	1,238,627	5,177,767	(161,524)
Change in net position					1,370,503	1,316,488	2,686,991	560,742
Net position, beginning of year, as previously stated					45,931,640	2,228,513	48,160,153	1,393
Prior period adjustment - see note 11					224,681	-	224,681	37,862
Net position, beginning of year, restated					46,156,321	2,228,513	48,384,834	39,255
Net position - end of year					\$ 47,526,824	\$ 3,545,001	\$ 51,071,825	\$ 599,997

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Major Funds			Nonmajor	Total
	General	Park's Share of Special Assessments	Construction	Governmental Funds	Governmental Funds
Assets:					
Cash and cash equivalents	\$ 186,263	\$ -	\$ -	\$ -	\$ 186,263
Cash and cash equivalents - board designated	950,713	-	-	-	950,713
Cash and cash equivalents - restricted	-	343,609	2,171,726	409,208	2,924,543
Investments	2,510,358	-	-	-	2,510,358
Investments - restricted	-	-	500,000	-	500,000
Accounts receivable	196,326	386	90,266	101,109	388,087
Lease interest receivable	11,197	-	-	-	11,197
Taxes receivable	46,992	3,060	-	12,155	62,207
Contributions receivable	478,761	52,782	1,157,482	-	1,689,025
Prepaid expenses	25,416	-	-	-	25,416
Lease receivable	4,019,521	-	-	-	4,019,521
Total assets	\$ 8,425,547	\$ 399,837	\$ 3,919,474	\$ 522,472	\$ 13,267,330
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 109,897	\$ 191,409	\$ 379,656	\$ -	\$ 680,962
Salaries and benefits payable	102,954	-	-	-	102,954
Unearned revenue	31,854	-	-	-	31,854
Total liabilities	244,705	191,409	379,656	-	815,770
Deferred inflows of resources:					
Delinquent property taxes	46,992	3,060	-	12,155	62,207
Contributions receivable	478,761	52,782	1,157,482	-	1,689,025
Leases	4,731,826	-	-	-	4,731,826
Total deferred inflows of resources	5,257,579	55,842	1,157,482	12,155	6,483,058
Total Liabilities and Deferred Inflows of Resources	5,502,284	247,251	1,537,138	12,155	7,298,828
Fund balances:					
Nonspendable for					
Prepaid expenses	25,416	-	-	-	25,416
Restricted for:					
Special purpose	-	152,586	-	-	152,586
Capital projects	478,761	-	2,382,336	510,317	3,371,414
Assigned	191,291	-	-	-	191,291
Unassigned	2,227,795	-	-	-	2,227,795
Total fund balances	2,923,263	152,586	2,382,336	510,317	5,968,502
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,425,547	\$ 399,837	\$ 3,919,474	\$ 522,472	\$ 13,267,330

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

Total Governmental Funds Balance	\$ 5,968,502
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	66,891,623	
Less accumulated depreciation and amortization	<u>(17,270,324)</u>	
Net capital assets		49,621,299

Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources or are not recognized in the funds.

Delinquent property taxes	62,207	
Long-term contributions receivable		1,689,025

Long-term liabilities not due and payable in the current period and therefore are not included in the funds. 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, 2023 are:

Interest payable	(48,598)	
Compensated absences	(123,232)	
Lease liability	(165,613)	
Notes payable	(4,828,773)	
General obligation bonds payable	(805,000)	
Revenue bonds payable	(1,845,000)	
Special assessments	<u>(1,997,993)</u>	
 Total		 <u>(9,814,209)</u>

Net position of governmental activities	<u>\$ 47,526,824</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, 2023

	General	Park's Share of Special Assessments	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,551,017	\$ 175,063	\$ -	\$ 658,627	\$ 3,384,707
Intergovernmental	755,883	-	16,566	99,630	872,079
Charges for services	3,067,853	-	-	52,533	3,120,386
Investment earnings	221,475	7,337	-	18,127	246,939
Grants	-	-	449,481	-	449,481
Leases	498,389	-	-	-	498,389
Donations	86,475	10,000	1,642,163	-	1,738,638
Miscellaneous	16,936	7,625	371,059	-	395,620
Total revenues	<u>7,198,028</u>	<u>200,025</u>	<u>2,479,269</u>	<u>828,917</u>	<u>10,706,239</u>
Expenditures:					
Current:					
Culture and recreation	5,082,111	419,893	228,669	59,598	5,790,271
Capital outlay	156,614	1,676,231	3,253,173	412,728	5,498,746
Debt service:					
Principal retirement	1,457,918	167,520	-	95,000	1,720,438
Interest and fiscal charges	212,482	40,210	-	29,184	281,876
Service charges	-	-	43,296	1,584	44,880
Total expenditures	<u>6,909,125</u>	<u>2,303,854</u>	<u>3,525,138</u>	<u>598,094</u>	<u>13,336,211</u>
Excess of revenues over (under) expenditures	<u>288,903</u>	<u>(2,103,829)</u>	<u>(1,045,869)</u>	<u>230,823</u>	<u>(2,629,972)</u>
Other financing sources (uses):					
Proceeds from issuance of lease	71,229	-	-	-	71,229
Proceeds from revenue bond issued	-	-	1,845,000	-	1,845,000
Proceeds from special assessments debt	-	2,096,124	-	-	2,096,124
Proceeds from sale of equipment	-	-	-	16,500	16,500
Transfer to component unit	-	-	179,200	-	179,200
Transfers in	1,402,565	12,342	528,700	22,972	1,966,579
Transfers out	<u>(434,294)</u>	<u>-</u>	<u>(1,859,685)</u>	<u>(197,537)</u>	<u>(2,491,516)</u>
Total other financing sources (uses)	<u>1,039,500</u>	<u>2,108,466</u>	<u>693,215</u>	<u>(158,065)</u>	<u>3,683,116</u>
Net change in fund balances	1,328,403	4,637	(352,654)	72,758	1,053,144
Fund balance - January 1, as previously stated	1,254,135	217,949	4,314,990	1,312,276	7,099,350
Prior period adjustment - see note 11	<u>340,725</u>	<u>(70,000)</u>	<u>(1,580,000)</u>	<u>(874,717)</u>	<u>(2,183,992)</u>
Fund balance - January 1, restated	<u>1,594,860</u>	<u>147,949</u>	<u>2,734,990</u>	<u>437,559</u>	<u>4,915,358</u>
Fund balance - December 31	<u>\$ 2,923,263</u>	<u>\$ 152,586</u>	<u>\$ 2,382,336</u>	<u>\$ 510,317</u>	<u>\$ 5,968,502</u>

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balance - Total Governmental Funds \$ 1,053,144

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	4,854,114	
Current year depreciation	(1,548,006)	
Current year amortization	<u>(70,033)</u>	
Total		3,236,075

Governmental funds do not report donated capital assets as expenditures or revenue. However, in the statement of activities, donations of capital assets are recorded as donation revenue. 45,020

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.

Net change in taxes receivable	13,665	
Net change in contributions receivable	<u>(719,647)</u>	
Total		(705,982)

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	(1,845,000)	
Leases issued	(71,229)	
Principal payment on bonds payable, special assessments and lease liability	<u>1,720,438</u>	
Total		(195,791)

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 change in compensated absences		28,059
Net change in interest payable		6,102

Special assessment proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (2,096,124)

Change in net position \$ 1,370,503

MANDAN PARKS AND RECREATION DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	<u>Raging Rivers Waterpark</u>
Assets:	
Current	
Cash and cash equivalents	\$ 464,364
Accounts receivable	919
Total current assets	<u>465,283</u>
Noncurrent	
Capital assets, net of accumulated depreciation	<u>3,673,455</u>
Total Assets	<u>4,138,738</u>
Liabilities:	
Current liabilities	
Accounts payable	3,167
Salaries and benefits payable	3,400
Interest payable	542
Unearned revenue	83,149
Long-term liabilities	
Due within one year	
Revenue bonds payable	250,000
Due after one year	
Compensated absences	3,479
Revenue bonds payable	<u>250,000</u>
Total Liabilities	<u>593,737</u>
Net Position	
Net investment in capital assets	3,173,455
Unrestricted	<u>371,546</u>
Total Net Position	<u>\$ 3,545,001</u>

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Raging Rivers Waterpark
Operating Revenues	
Charges for services	\$ 827,962
Operating Expenses	
Salaries and benefits	287,572
Fees and other service charges	18,046
Utilities	63,388
Improvements	21,273
Dues and memberships	499
Supplies and maintenance	147,802
Repairs and maintenance	16,621
Depreciation	130,760
Miscellaneous	59,368
Total Operating Expenses	745,329
Income (Loss) from Operations	82,633
Non-Operating Revenues (Expenses)	
Sales taxes	59,957
Investment earnings	9,100
Debt service	
Interest	(3,577)
Service charges	(1,195)
Total Non-Operating Revenues (Expenses)	64,285
Net Income (Loss) Before Transfers and Capital Contributions	146,918
Capital Contributions	644,633
Transfers In	540,672
Transfers Out	(15,735)
Change in Net Position	1,316,488
Net Position, Beginning of Year	2,228,513
Net Position, End of Year	\$ 3,545,001

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Raging Rivers Waterpark
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 828,291
Payments to employees	(289,771)
Payments to suppliers	(323,945)
Net Cash Provided (Used) by Operating Activities	<u>214,575</u>
Cash Flows from Noncapital Financing Activities	
Taxes	<u>59,957</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(529,568)
Principal paid on capital debt	(245,000)
Interest paid on capital debt	(3,740)
Service charges paid on capital debt	(1,195)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(779,503)</u>
Cash Flows from Non-capital and Related Financing Activities	
Transfers in	540,672
Transfers out	(15,735)
Net Cash Provided (Used) by Non-capital and Related Financing Activities	<u>524,937</u>
Cash Flows from Investing Activities	
Interest receipts	<u>9,100</u>
Net Increase (Decrease) in Cash and Cash Equivalents	29,066
Cash and Cash Equivalents, Beginning of Year	<u>435,298</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 464,364</u></u>
Noncash Investing and Financing Activities	
Transfer of capital assets	\$ 644,633
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 82,633
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation expense	130,760
Increase (decrease) in accounts receivable	(919)
Increase (decrease) in salaries and benefits payable	(915)
Increase (decrease) in compensated absences	(1,284)
Increase (decrease) in accounts payable	3,052
Increase (decrease) in unearned revenue	1,248
Total adjustments	<u>131,942</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 214,575</u></u>

See Notes to the Financial Statements

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Reporting Entity

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

Based upon the criteria set by the Governmental Accounting Standards Board, the Mandan Parks and Recreation Foundation, Inc. is a component unit. A majority of the board members of the Foundation are board members or management of the Park District. These financial statements include the financial information of the Park District and its component unit, the Mandan Parks and Recreation Foundation, Inc., which is shown as a discrete component unit. The activity of this component unit is recorded in a separate column to emphasize that it is legally separate from the District.

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.

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 and blended component unit. 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.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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 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.

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, Memorial Ballpark, and Mandan Tennis Center.

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.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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.

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.

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.

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.

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, or obligations of the state.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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.

Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved, at the date the promise was made. The rate used was 4.29% at year end. When considered necessary, an allowance is recorded based on management's estimate of collectability including such factors as prior collection history, type of contribution, and the nature of fund-raising activity.

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

<u>Asset</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Land Improvements	20-30
Furniture and Equipment	5
Vehicle and Machinery	5
Software	10

Leases - Lessee

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the 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.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Leases with an initial lease 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 US Treasury Tbill 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 expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Park District is reasonably certain to exercise.

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

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

Leases – Lessor

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

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

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

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

- The Park District uses its estimated incremental borrowing rate as the discount rate for leases. The Park District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Compensated Absences

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.

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.

Net Position

Net position represents the difference between assets, deferred outflows/inflows of resources 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.

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.

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 – noncurrent 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 THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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. The internal “Vision” fund is an example of this. 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.

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, uncollected contribution receivables, 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – Taxes

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

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Unearned Revenue

Unearned revenue in the General Fund consists of gift card revenues, prepaid rent, and prepaid golf passes. Unearned revenue in the Raging Rivers fund consists of season passes and captains day passes paid in advance for the following season.

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, 2023, the Park District's carrying amount of deposits were as follows:

	<u>Carrying Value</u>
Cash	
Bank Accounts	\$4,524,958
Petty Cash	<u>925</u>
	4,525,883
Investments	
Certificates of Deposit	<u>3,010,358</u>
Total	<u><u>\$7,536,241</u></u>

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

The Park District's bank balances, including governmental funds were \$7,622,778. Of the bank balances, \$1,853,609 was covered by Federal Depository Insurance, and \$5,769,169 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.

NOTE 3 CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 6,376,938	\$ -	\$ -	\$ 6,376,938
Construction in progress	8,164,955	2,319,748	(7,863,531)	2,621,172
Total capital assets not being depreciated	<u>14,541,893</u>	<u>2,319,748</u>	<u>(7,863,531)</u>	<u>8,998,110</u>
Capital assets, being depreciated:				
Land improvements	11,030,286	2,739,647	-	13,769,933
Buildings	28,533,159	7,362,421	-	35,895,580
Building improvements	2,428,127	-	-	2,428,127
Furniture and equipment	2,421,682	70,453	(6,027)	2,486,108
Vehicles and machinery	2,736,929	197,468	(61,107)	2,873,290
Software	81,875	-	-	81,875
Leased land	51,275	-	-	51,275
Leased equipment	234,396	72,929	-	307,325
Total capital assets being depreciated	<u>47,517,729</u>	<u>10,442,918</u>	<u>(67,134)</u>	<u>57,893,513</u>
Less accumulated depreciation and amortization for:				
Land improvements	5,725,227	433,683	-	6,158,910
Buildings	4,801,735	676,966	-	5,478,701
Building improvements	671,155	121,406	-	792,561
Furniture and equipment	2,089,166	102,541	(6,027)	2,185,680
Vehicles and machinery	2,226,158	213,410	(61,107)	2,378,461
Software	71,170	6,848	-	78,018
Leased land	17,610	1,248	-	18,858
Leased equipment	117,198	61,937	-	179,135
Total accumulated depreciation and amortization	<u>15,719,419</u>	<u>1,618,039</u>	<u>(67,134)</u>	<u>17,270,324</u>
Total capital assets being depreciated, net	<u>31,798,310</u>	<u>8,824,879</u>	<u>-</u>	<u>40,623,189</u>
Governmental capital assets, net	<u>\$ 46,340,203</u>	<u>\$ 11,144,627</u>	<u>\$ (7,863,531)</u>	<u>\$ 49,621,299</u>

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

<u>Governmental Activities</u>	
Culture and Recreation	\$ 1,618,039

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Enterprise Activities				
Capital assets, not being depreciated:				
Land	\$ 653,400	\$ -	\$ -	\$ 653,400
Total capital assets not being depreciated	653,400	-	-	653,400
Capital assets, being depreciated:				
Land improvements	161,130	633,695	-	794,825
Buildings	1,574,721	-	-	1,574,721
Building improvements and equipment	1,233,436	540,506	-	1,773,942
Vehicles and machinery	11,620	-	-	11,620
Total capital assets being depreciated	2,980,907	1,174,201	-	4,155,108
Less accumulated depreciation for:				
Land improvements	13,428	19,453	-	32,881
Buildings	440,920	31,495	-	472,415
Building improvements and equipment	538,325	79,812	-	618,137
Vehicles and machinery	11,620	-	-	11,620
Total accumulated depreciation	1,004,293	130,760	-	1,135,053
Total capital assets being depreciated, net	1,976,614	1,043,441	-	3,020,055
Enterprise capital assets, net	\$ 2,630,014	\$ 1,043,441	\$ -	\$ 3,673,455

NOTE 4 LEASES

Lessee

The Park District has entered into lessee lease agreements to lease a copier, golf carts and golf course land. Annual payments range from \$2,864 - \$59,310 and the leases will terminate at various dates ranging from 2025 - 2089.

Following is the total lease expense for the year ended December 31, 2023:

Amortization expense by class of underlying asset	
Land	\$ 1,248
Equipment	61,937
Total amortization expense	63,185
Interest on lease liabilities	5,231
Total	<u>\$ 68,416</u>

Lessor

The Park District has entered into lessor lease agreements to lease gymnasium space, a cell phone tower site, a stock car race track facility, a sports complex, and a tennis center. These leases consist of annual rent payments ranging from \$14,500-\$275,712 and the leases will terminate at various dates ranging from 2024 – 2043.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Following is the total lease-related revenue for the year ended December 31, 2023:

Lease Revenue	
Building	\$ 498,389
Total Lease Revenue	498,389
Interest Revenue	11,197
Total	<u>\$ 509,586</u>

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

For the Year Ending December 31,	Principal	Interest	Total Receipts
2024	\$ 214,543	\$ 131,669	\$ 346,212
2025	175,119	125,593	300,712
2026	181,141	119,571	300,712
2027	187,371	113,341	300,712
2028	168,534	107,178	275,712
2029 - 2033	933,813	444,747	1,378,560
2034 - 2038	1,106,037	272,523	1,378,560
2039 - 2043	1,052,963	72,864	1,125,827
Total	<u>\$ 4,019,521</u>	<u>\$ 1,387,486</u>	<u>\$ 5,407,007</u>

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 5 LONG-TERM LIABILITIES

During the year ended December 31, 2023, the following changes occurred in long-term liabilities.

<u>Governmental Activities</u>	<u>Balance - January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance - December 31</u>	<u>Due Within One Year</u>
Compensated Absences*	\$ 151,291	\$ -	\$ 28,059	\$ 123,232	\$ -
Lease liability	164,374	71,229	69,990	165,613	70,236
Notes payable***	6,216,701	-	1,387,929	4,828,772	502,170
General Obligation Bond Payable	900,000	-	95,000	805,000	100,000
Revenue Bonds Payable**	-	1,845,000	-	1,845,000	55,000
Special Assessments Payable	69,389	2,096,124	167,520	1,997,993	151,371
Total long-term liabilities	<u>\$ 7,501,755</u>	<u>\$ 4,012,353</u>	<u>\$ 1,748,498</u>	<u>\$ 9,765,610</u>	<u>\$ 878,777</u>
<u>Business-type Activities</u>	<u>Balance - January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance - December 31</u>	<u>Due Within One Year</u>
Compensated Absences*	\$ 4,763	\$ -	\$ 1,284	\$ 3,479	\$ -
2021 Revenue Bonds Payable**	745,000	-	245,000	500,000	250,000
Total long-term liabilities	<u>\$ 749,763</u>	<u>\$ -</u>	<u>\$ 246,284</u>	<u>\$ 503,479</u>	<u>\$ 250,000</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. The general fund is responsible for paying out compensated absences when they are used.

** Total net revenue pledges for fiscal year 2023 were \$245,000. For fiscal year 2023, principal and interest paid by the Park District on the bonds was \$270,058. Total interest and principal remaining to be paid as of December 31, 2023 is \$3,281,919 payable through May 2043.

*** Notes payable include a \$3,871,859 note payable for the Tennis Center with annual payments of \$273,661. These annual payments are being funded through the leasing of the Tennis Center to the Mandan Tennis Center, LLC at a cost of \$273,661 per year.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Outstanding debt (excluding compensated absences) at December 31, 2023 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.	\$ 69,166
\$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.	61,721
\$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.	3,871,859
\$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>826,026</u>
Total	<u><u>\$ 4,828,772</u></u>

Bonds Payable:

\$1,845,000 revenues bonds issued July 14, 2023 to finance a new Park Maintenance Shop, due in annual installments of \$55,000 to \$135,000 through May 1, 2043; interest at 3.80% to 4.75%.	\$ 1,845,000
\$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%.	<u>805,000</u>
Total	<u><u>\$ 2,650,000</u></u>

Special Assessments:

Special assessments dated over various years from 2015 to 2023. The maturities vary per issue and extend through 2039. The interest rates vary from 0.00 to 4.37%.	<u><u>\$ 1,997,993</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><u>\$ 500,000</u></u>
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MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Year	Governmental Activities					
	Notes Payable		GO Bonds Payable		Revenues Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 502,170	\$ 180,598	\$ 100,000	\$ 7,500	\$ 55,000	\$ 78,075
2025	454,465	164,708	100,000	6,938	65,000	75,795
2026	466,342	150,753	100,000	6,188	70,000	73,230
2027	165,035	108,626	100,000	5,438	70,000	70,544
2028	170,202	103,459	100,000	4,438	75,000	67,734
2029 - 2033	940,638	427,665	305,000	5,781	405,000	292,678
2034 - 2038	1,106,974	261,329	-	-	495,000	200,372
2039 - 2043	1,022,946	69,707	-	-	610,000	75,241
2044 - 2048	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-
2064 - 2068	-	-	-	-	-	-
2069 - 2073	-	-	-	-	-	-
2074 - 2078	-	-	-	-	-	-
2079 - 2083	-	-	-	-	-	-
2084 - 2088	-	-	-	-	-	-
Total	<u>\$4,828,772</u>	<u>\$1,466,845</u>	<u>\$ 805,000</u>	<u>\$ 36,283</u>	<u>\$1,845,000</u>	<u>\$ 933,669</u>

Year	Governmental Activities					
	Special Assessments		Lease Liability		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 151,371	\$ 37,306	\$ 70,236	\$6,720	\$ 727,406	\$ 272,893
2025	151,371	34,573	11,495	6,169	630,960	253,610
2026	151,371	31,841	12,075	5,589	648,417	235,760
2027	151,371	29,108	12,684	4,980	347,719	189,588
2028	151,371	26,376	12,844	4,342	358,046	179,973
2029 - 2033	714,784	91,866	207	18,793	1,650,845	744,917
2034 - 2038	524,324	26,521	308	18,692	1,602,282	480,393
2039 - 2043	2,030	41	459	18,541	1,633,405	163,489
2044 - 2048	-	-	685	18,315	685	18,315
2049 - 2053	-	-	1,021	17,979	1,021	17,979
2054 - 2058	-	-	1,520	17,480	1,520	17,480
2059 - 2063	-	-	2,266	16,734	2,266	16,734
2064 - 2068	-	-	3,376	15,624	3,376	15,624
2069 - 2073	-	-	5,028	13,972	5,028	13,972
2074 - 2078	-	-	7,493	11,507	7,493	11,507
2079 - 2083	-	-	11,162	7,838	11,162	7,838
2084 - 2088	-	-	12,754	2,446	12,754	2,446
	<u>\$1,997,993</u>	<u>\$ 277,632</u>	<u>\$ 165,613</u>	<u>\$ 205,721</u>	<u>\$7,644,385</u>	<u>\$2,642,518</u>

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Year	Business-Type Activities	
	Revenue Bonds Payable	
	Principal	Interest
2024	\$ 250,000	\$ 2,438
2025	250,000	812
	<u>\$ 500,000</u>	<u>\$ 3,250</u>

NOTE 6 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, 2023:

	Transfers in	Transfers out
General fund	\$ 1,402,565	\$ 434,294
Park's Share of Special Assessments fund	12,342	-
Construction fund	528,700	1,859,685
Nonmajor funds	22,972	197,537
Raging Rivers fund	540,672	15,735
Total	<u>\$ 2,507,251</u>	<u>\$ 2,507,251</u>

Transfers were made for the following purposes:

General fund transfers out was to nonmajor governmental funds to cover negative cash balances and fund various construction projects. Transfers in were for other funds' share of loan payments and to cover repairs and replacement costs.

Park's Share of Special Assessments transfer in was to close the national softball fund to help cover the cost of the softball parking lot assessment project.

Construction fund transfers were to transfer donations for construction projects to the general fund to pay for loan payments on those construction projects, as well as to transfer donations to the foundation component unit that were pledged to the foundation.

Raging Rivers transfer out was to the construction fund for funds needed to complete the Raging Rivers Reno project. Transfers into the Raging Rivers fund were for Raging Rivers assets funded by the nonmajor governmental funds.

There was also a transfer from the foundation component unit to the construction fund of \$179,200 to record donation revenue from pledges in the foundation component unit.

NOTE 7 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.

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), 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 NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence for general liability and automobile and \$3,952,111 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 8 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 THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

The Park District's required and actual contributions for the years ended December 31, 2023, 2022, and 2021 were \$116,568, \$104,699, and \$103,080, respectively.

The Park District's employee contributions for the years ended December 31, 2023, 2022, and 2021 were \$119,907, \$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 9 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give from individuals, businesses, and private foundations. These contributions are restricted for various construction projects and paying off the related debt once completed. At December 31, 2023, the contributions receivable in the governmental funds are detailed as follows:

Governmental Activities

General Fund	
All Seasons Arena	\$ 40,000
Starion Sports Complex	470,000
Soccer Complex	50,000
Park's Share of Special Assessments Fund	
Softball Parking Lot	60,000
Construction Fund	
Rodeo Arena	1,000,000
Memorial Ballpark	193,214
Tennis Center	112,950
Less: Discount	<u>(237,139)</u>
Total	<u><u>\$ 1,689,025</u></u>

Component Unit

Rodeo Arena	\$ 530,000
Tennis Center	51,000
Undesignated	40,000
Less: Discount	<u>(52,856)</u>
Total	<u><u>\$ 568,144</u></u>

Contributions receivable are due according to the following schedule:

Receivable in less than one year	\$ 492,362
Receivable in one to five years	1,323,955
Receivable in more than five years	440,852
Total	<u><u>\$ 2,257,169</u></u>

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.29%. The unamortized discount for promises due in more than one year was \$287,701 at December 31, 2023.

Management estimates an allowance for uncollectible pledges to be \$0 at December 31, 2023.

NOTE 10 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, 2023.

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.

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).

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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.

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.

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

Property tax exemption program	Property tax exemption in 2023
New and expanding business	\$ 12,699
Remodeling exemption - commercial	6,645
Residential new construction	3,443
Renaissance zone	26,156
Total	<u>\$ 48,943</u>

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

NOTE 11 PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made to the December 31, 2022 financial statements:

Contributions receivable were not recorded properly on the 2022 financial statements as they did not include a discount on future pledges, were missing some receivables, and did not include deferred inflows for contributions receivable for long-term receivables on the 2022 governmental fund balance sheet. This resulted in a net decrease in fund balance of \$2,250,000, an increase in deferred inflows of \$2,408,673 and an increase in \$158,673 in contributions receivable. On the statement of net position, contributions receivable were adjusted to actual and deferred inflows

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

were not properly recorded, resulting in an increase in net position of \$158,673. On the discretely presented component unit, it increased beginning net position and assets by \$37,862.

A receivable for 2022 state aid amounts, received in 2023 was not recorded on the 2022 financial statements. This resulted in an increase in receivables and fund balance/net position of \$66,008.

NOTE 12 FUND BALANCE

Minimum Fund Balance

The Mandan Parks and Recreation District's policy is to keep a minimum unrestricted cash balance of 35% of general fund operating expenses, which is approximately \$2,418,194 based on 2023 general fund expenses. In order to deficit spend below 35%, a roll-call vote of Park Commissioners is required.

NOTE 13 NEW ACCOUNTING PRONOUNCEMENTS

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

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

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The statement is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, provides guidance on the following accounting matters:

- continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A),
- continues the requirement that the proprietary fund statement of revenues, expenses and changes in fund net position continue to distinguish between operating nonoperating revenues and expenses,

MANDAN PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

- requires governments to present budgetary comparison information using a single method of communication – RSI, along with variance between original and final budget amounts and variances between final budget and actual amounts.

This statement is effect for fiscal years beginning after June 15, 2025.

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

NOTE 14 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Park District's year end. Subsequent events have been evaluated through June 13, 2024, which is the date these financial statements were available to be issued.

MANDAN PARKS AND RECREATION DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 2,262,000	\$ 2,328,200	\$ 2,551,017	\$ 222,817
Intergovernmental	475,000	475,000	755,883	280,883
Charges for services	2,533,600	2,138,200	3,036,754	898,554
Interest	15,000	15,000	208,078	193,078
Leases	-	319,100	498,389	179,289
Donations	706,500	93,800	48,975	(44,825)
Miscellaneous	65,400	162,800	16,936	(145,864)
Total revenues	<u>6,057,500</u>	<u>5,532,100</u>	<u>7,116,032</u>	<u>1,583,932</u>
Expenditures:				
Current:				
Culture and recreation	5,995,000	5,082,705	5,082,111	594
Capital outlay	-	-	156,614	(156,614)
Debt service:				
Principal	-	1,702,120	1,457,918	244,202
Interest	-	246,680	212,482	34,198
Total expenditures	<u>5,995,000</u>	<u>7,031,505</u>	<u>6,909,125</u>	<u>122,380</u>
Excess of revenues under expenditures	62,500	(1,499,405)	206,907	1,706,312
Other financing sources (uses):				
Proceeds from issuance of lease	-	-	71,229	(71,229)
Transfers in/out	-	381,439	868,271	(486,832)
Total other financing sources (uses)	<u>-</u>	<u>381,439</u>	<u>939,500</u>	<u>(558,061)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ 62,500</u>	<u>\$ (1,117,966)</u>	1,146,407	<u>\$ 1,148,251</u>
Fund balance - January 1, as previously stated			1,254,135	
Prior period adjustment			<u>(46,492)</u>	
Fund balance - January 1, restated			<u>1,207,643</u>	
Fund balance - December 31			<u>\$ 2,354,050</u>	

See Note to the Budgetary Comparison Schedule

MANDAN PARKS AND RECREATION DISTRICT
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

NOTE 2 BUDGETARY BASIS OF ACCOUNTING

To provide a meaningful comparison of the District's actual results compared to the budgeted results, the Statements of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual are prepared on the District's budgetary basis. Under the District's budgetary basis of accounting, revenues are budgeted on the accrual basis of accounting. Expenditures are also budgeted on the accrual basis.

MANDAN PARKS AND RECREATION DISTRICT
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023

Budgeted Inflows and Outflows

Listed below is a reconciliation between the revenues and expenditures as presented in the District's Statement of Revenues, Expenditures, and Changes in Fund Balance and the budgetary inflows and outflows presented in the District's general fund budget.

	<u>General Fund</u>
<i>Sources/inflows of resources</i>	
Actual revenues (budgetary basis) presented on the budgetary comparison schedule	\$ 7,116,032
<u>Difference - budget to GAAP</u> Vision fund revenues included in the fund statements but not on the budget statement due to the implementation of GASB 84.	<u>81,996</u>
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Government Funds.	<u>\$ 7,198,028</u>
Actual other financing sources (budgetary basis) presented on the budgetary comparison schedule	\$ 939,500
<u>Difference - budget to GAAP</u> Vision fund other financing sources included in the fund statements but not on the budget statement due to the implementation of GASB 84.	<u>100,000</u>
Total other financing sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Government Funds.	<u>\$ 1,039,500</u>
<i>Uses/outflows of resources</i>	
Actual expenditures and transfers (budgetary basis) presented on the budgetary comparison schedule	\$ 6,909,125
<u>Difference - budget to GAAP</u> Vision fund expenditures included in the fund statements but not on the budget statement due to the implementation of GASB 84.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,909,125</u>

**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 have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2023, 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 June 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit the financial statements, we considered the Mandan Parks and Recreation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 2023-001 and 2023-002 described in the accompanying schedule of findings and responses to be material weaknesses.

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 2023-003 described in the accompanying schedule of findings and responses to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mandan Parks and Recreation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 audit and described in the accompanying schedule of findings and responses. The Mandan Parks and Recreation District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



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

June 13, 2024

MANDAN PARKS AND RECREATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-001: Preparation of Financial Statements

Criteria

An appropriate system of internal control requires the Park District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The Park District's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the organization currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The Park District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause

The Park District elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatement to the organization's financial statements.

Recommendation

We recommend the Park District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the Park District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

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.

MANDAN PARKS AND RECREATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-002: Proposition of Journal Entries

Criteria

The Park District is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, material adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP. Prior period adjustments were recorded to correct pledge receivables and state aid receivable balances as of December 31, 2022. In addition, material journal entries were made to adjust pledge receivables to correct balance as of December 31, 2023, correct debt recognition, record lease entries and to tie fund beginning balances to the prior year auditor's report.

Cause

The Park District's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect

The Park District's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

The Park District is aware of and understands the necessary adjusting entries. It is management's decision to continue to ask the auditors to compute and report lease activity per GASB 87 requirements. In addition, the Park District will record pledge receivables at their stated amounts, and leave the present value calculations for the auditors to compute and report for financial statement presentation.

MANDAN PARKS AND RECREATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-003: Segregation of Duties

Criteria

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition

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

Cause

The Park District is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect

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

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

The Park District is aware of the limitations and will add controls where feasible.