

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Minot Park District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Minot Park District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Minot Park District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedules of employer's proportionate share of net pension liability, schedule of employer's proportionate share of net OPEB liability and schedules of employer contributions for pensions and OPEB, as listed in the table of contents, be presented to supplement the basic financial

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information 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. Our opinion on the basic financial statements is not affected by the missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2025, on our consideration of the City of Minot Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Minot Park District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Minot Park District's internal control over financial reporting and compliance.



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

July 28, 2025

**CITY OF MINOT PARK DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 9,210,314
Due from County	76,527
Due from State	54,579
Taxes Receivable	347,560
	<b>9,688,980</b>

**Capital Assets**

Construction in Progress	2,407,714
Land and Special Assessments	9,470,914
Net Depreciable Capital Assets	69,714,794
Total	<b>81,593,422</b>

**Restricted Assets**

Foundation Cash and Cash Equivalents	1,345,690
Foundation Investments	1,522,389
Total	<b>2,868,079</b>

**Total Assets**

**94,150,481**

**Deferred Outflows of Resources**

Cost-Sharing - Pensions	3,261,481
Cost-Sharing - OPEB	33,131
<b>Total Deferred Outflows of Resources</b>	<b>3,294,612</b>

**Liabilities**

**Current Liabilities**

Accounts Payable	679,813
Accrued Payroll	152,975
Accrued Payroll Taxes and Other Withholding	57,731
Retainage Payable	179,409
Accrued Compensated Absences	102,147
Accrued Interest Payable	163,221
Current Portion of Long-Term Debt	2,680,430
Total	<b>4,015,726</b>

**Non-Current Liabilities**

Net Pension Liability	9,875,250
Net OPEB Liability	85,164
Unamortized Premiums/Discounts	488,108
Long Term Debt	20,953,969
Total	<b>31,402,491</b>

**Total Liabilities**

**35,418,217**

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**STATEMENT OF NET POSITION - CONTINUED**  
**DECEMBER 31, 2024**

Deferred Inflows of Resources	
Cost-Sharing - Pension	1,748,523
Cost-Sharing - OPEB	11,724
Total Deferred Inflows of Resources	<u>1,760,247</u>
<b>Fund Balance</b>	
Net Investments in Capital Assets	57,291,506
Restricted for:	
Minot Park District Foundation	2,441,960
Debt Service	363,984
Capital Projects	2,712,730
Unrestricted	(2,543,551)
<b>Total Fund Balance</b>	<u><u>\$ 60,266,629</u></u>

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Park Operations	\$ 11,190,737	\$ 2,744,324	\$ 125,000	\$ 819,311	\$ (7,502,102)
Recreation	4,050,216	716,072	-	-	(3,334,144)
Interest on Long-Term Debt	608,211	-	-	-	(608,211)
Total Governmental Activities	\$ 15,849,164	\$ 3,460,396	\$ 125,000	\$ 819,311	(11,444,457)
General Revenues					
Taxes:					
Property Taxes					11,112,773
State Revenue not restricted for a specific purpose					713,308
Investment Earnings (Loss)					407,981
Miscellaneous					13,022
Total General Revenues and Specific Items					12,247,084
Change in Net Position					802,627
Net Position - Beginning of Year					59,464,002
Net Position - End of Year				\$	60,266,629

See Notes to the Financial Statements



# CITY OF MINOT PARK DISTRICT

## BALANCE SHEET

DECEMBER 31, 2024

	General Fund	Debt Service	Capital Projects	Foundation	Total Governmental Funds
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 6,011,695	\$ 446,086	\$ 2,752,533	\$ -	\$ 9,210,314
Due from County	56,731	14,559	5,237	-	76,527
Due from State	54,579	-	-	-	54,579
Taxes Receivable	257,808	66,560	23,192	-	347,560
Interfund Receivable	18,002	-	-	-	18,002
	<b>6,398,815</b>	<b>527,205</b>	<b>2,780,962</b>	<b>-</b>	<b>9,706,982</b>
<b>Restricted Assets</b>					
Foundation Cash and Cash Equivalents	-	-	-	1,345,690	1,345,690
Foundation Investments	-	-	-	1,522,389	1,522,389
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,868,079</b>	<b>2,868,079</b>
<b>Total Assets</b>	<b>\$ 6,398,815</b>	<b>\$ 527,205</b>	<b>\$ 2,780,962</b>	<b>\$ 2,868,079</b>	<b>\$ 12,575,061</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 382,874	\$ -	\$ 68,231	\$ 228,708	\$ 679,813
Interfund Payable	-	-	-	18,002	18,002
Accrued Payroll	152,975	-	-	-	152,975
Accrued Payroll Taxes and Other Withholding	57,730	-	-	-	57,730
Retainage Payable	-	-	-	179,409	179,409
<b>Total</b>	<b>593,579</b>	<b>-</b>	<b>68,231</b>	<b>426,119</b>	<b>1,087,929</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflows of Resources - Taxes	257,808	66,560	23,192	-	347,560
<b>Total Liabilities</b>	<b>851,387</b>	<b>66,560</b>	<b>91,423</b>	<b>426,119</b>	<b>1,435,489</b>
<b>Fund Balance</b>					
Restricted for:					
Minot Park District Foundation	-	-	-	2,441,960	2,441,960
Debt Service	-	460,645	-	-	460,645
Capital Projects	-	-	2,689,539	-	2,689,539
Unrestricted	5,547,428	-	-	-	5,547,428
<b>Total Fund Balance</b>	<b>5,547,428</b>	<b>460,645</b>	<b>2,689,539</b>	<b>2,441,960</b>	<b>11,139,572</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,398,815</b>	<b>\$ 527,205</b>	<b>\$ 2,870,962</b>	<b>\$ 2,868,079</b>	<b>\$ 12,575,061</b>

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

Total Governmental Funds Balance		\$ 11,139,572
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and therefore not reported in the funds.		81,593,422
Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds		347,560
Deferred outflows relating to the cost-sharing defined benefit plans in the governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		3,294,612
Bond premiums and discounts are reported as other financing sources and uses in the governmental fund financial statements, and are deferred and amortized in the government wide financial statements.		(488,108)
Long-Term liabilities are not due and payable in the current period and therefore are not included in the funds.		
Accrued Compensated Absences	(102,147)	
Accrued Interest Payable	(163,221)	
Long-Term Debt	(22,867,411)	
Lease Liability	(749,055)	
SBITA Liability	(17,934)	
Net Pension Liability	(9,875,250)	
Net OPEB Liability	(85,164)	
Total		(33,860,182)
Deferred inflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		(1,760,247)
Net Position of Governmental Activities		<u>\$ 60,266,629</u>

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Foundation</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Tax Revenue	\$ 8,264,257	\$ 2,089,925	\$ 756,138	\$ -	\$ 11,110,320
Charges for Services	3,441,978	-	-	-	3,441,978
State Revenue	713,307	-	-	-	713,307
Grants and Contributions	125,000	-	422,708	432,130	979,838
Investment Income	129,489	-	-	278,492	407,981
Miscellaneous	31,441	-	-	-	31,441
<b>Total Revenues</b>	<b>12,705,472</b>	<b>2,089,925</b>	<b>1,178,846</b>	<b>710,622</b>	<b>16,684,865</b>
<b>Expenditures</b>					
Park Operations	8,072,645	-	9,924	92,930	8,175,499
Recreation	1,980,779	-	7,259	-	1,988,038
Capital Outlay	-	-	3,301,069	1,993,735	5,294,804
Interest Expense	258,687	334,975	-	-	593,662
Bond Expenses	53,525	-	-	-	53,525
Principal Payment	1,168,913	1,755,233	-	-	2,924,146
<b>Total Expenditures</b>	<b>11,534,549</b>	<b>2,090,208</b>	<b>3,318,252</b>	<b>2,086,665</b>	<b>19,029,674</b>
<b>Excess(Deficiency) of Revenues over(under) Expenditures</b>	<b>1,170,923</b>	<b>(283)</b>	<b>(2,139,406)</b>	<b>(1,376,043)</b>	<b>(2,344,809)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from the Issuance of Bonds	607,024	-	3,489,273	-	4,096,297
Proceeds from the Issuance of Capital Leases	-	-	377,859	-	377,859
Proceeds from the Issuance of SBITA Leases	-	-	26,363	-	26,363
Bond Premium (Discount)	64,215	-	-	-	64,215
Operating Transfers In	-	28,975	358,794	-	387,769
Operating Transfers Out	(387,769)	-	-	-	(387,769)
<b>Total Other Financing Sources (Uses)</b>	<b>283,470</b>	<b>28,975</b>	<b>4,252,289</b>		<b>4,564,734</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,454,393</b>	<b>28,692</b>	<b>2,112,883</b>	<b>(1,376,043)</b>	<b>2,219,925</b>
<b>BEGINNING FUND BALANCE</b>	<b>4,093,035</b>	<b>431,953</b>	<b>576,656</b>	<b>3,818,003</b>	<b>8,919,647</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 5,547,428</b>	<b>\$ 460,645</b>	<b>\$ 2,689,539</b>	<b>\$ 2,441,960</b>	<b>\$ 11,139,572</b>

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED DECEMBER 31, 2024**

Net change in fund balance - governmental funds \$ 2,219,925

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

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

Capital Asset Additions	5,294,804	
Current Year Depreciation	(3,504,660)	
Current Year Amortization	(268,210)	
Total		1,521,934

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds. This  
consists of delinquent property taxes and changes in deferred inflows for  
Receivables greater than 60 days.

(33,075)

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

Net change in accrued compensated absences	(51,946)	
Amortization of premium/discount on bond issues	46,847	
Net change in accrued interest payable	(61,395)	
Net change in Net Pension Liability	(489,477)	
Net change in Net OPEB liability	13,091	
Total		(542,880)

Changes in deferred outflows relating to cost-sharing defined benefit plans (1,802,592)

Changes in deferred inflows relating to cost sharing defined benefit plans 1,079,903

Long-Term debt proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the Statement of  
Net Position.

(4,564,734)

Repayment on Long-Term debt consumes the current financial resources of the  
governmental funds. However, there is no effect on Net Position

2,924,146

Change in Net Position of Governmental Activities

\$ 802,627

See Notes to the Financial Statements

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1     GOVERNING BOARD AND REPORTING ENTITY**

The affairs of the City of Minot Park District ("District") are administered by an elected board made up of a president and four commissioners. Appointed officials are a clerk, attorney, and director of parks. The officials of the District as of December 31, 2024, are as follows:

	<u>Office</u>	<u>Monthly Compensation</u>
Perry Olson	President	\$        300
Chelsea Kirkhammer	Vice President	300
Cliff Hovda	Commissioner	300
Mike Schmitt	Commissioner	300
Justin Hammer	Commissioner	300
Elly DesLauriers	Director of Parks	10,878
Pete Hankla	Attorney	-
Calyn Beckman	Clerk	200

**NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Reporting Entity**

Component units are legally separate organizations for which the District is financially accountable. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the District to provide specific financial benefits to, or impose specific financial burdens on the District. Component units may also include organizations that are fiscally dependent on the District.

Based on the above criteria, the Minot Park District Foundation is included in the District's reporting entity as a blended component unit. It is considered a blended component unit as the governance of both the District and the Foundation are the same. These financial statements include the financial information of the District and its component unit, the Minot Park District Foundation. There are not separate financial statements issued for the Foundation.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**Basis of Presentation**

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

*Government-Wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the reporting entity, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

*Fund Financial Statements*

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. The following are the major governmental funds of the District:

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

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

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

Foundation Fund – the Foundation fund of the District. It accounts for all financial resources flowing through the Minot Park Foundation.

**Measurement Focus/Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**Cash and Cash Equivalents**

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

**Investments**

North Dakota state statute authorizes government entities to invest their surplus funds in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation, d) Obligations of the state, and e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two annually recognized rating agencies and matures in two hundred seventy days or less. Investments are carried at fair value.

**Due from County**

The amount due from county consists of cash on hand at the county for taxes collected but not yet remitted to the District at December 31, 2024.

**Due from State**

The amount due from state consists of cash on hand at the state for taxes collected but not yet remitted to the District at December 31, 2024.

**Taxes Receivable**

Taxes receivable consist of delinquent uncollected taxes at December 31, 2024, and are recorded as deferred inflows of resources in the governmental funds and recognized as revenue in the government-wide financial statements.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**Capital Assets**

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

The assets are updated for additions and retirements during the Park District's fiscal year. The Park District has established a capitalization threshold of \$5,000. Donated fixed assets are recorded at their acquisition value at the date received. Improvements that significantly extend the useful life of the asset are also capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

**Right of Use Assets**

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

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



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

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

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

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

**Subscription-Based Information Technology Arrangements (SBITA)**

Subscription-Based Information Technology Arrangements (SBITA) are contracts that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The determination of whether a SBITA asset and liability are to be recorded in the financial statements is made at inception by evaluating the maximum possible term of the SBITA. A SBITA contract with an initial term of more than 12 months, or that contain an option to extend the contract more than 12 months that is reasonably expected to be exercised by the District, are recognized based on the present value of subscription payments over the contract term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the SBITA contract commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the SBITA contract commencement. The District continues to recognize short-term SBITA subscription payments as outflows of resources (expenditure) based on the payment provision of the SBITA contract. Short-term SBITA contracts have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The amortizable life of SBITA assets are limited to the shorter of the expected agreement term or the useful life of the underlying asset.

**Compensated Absences**

The District offers vacation time off and sick leave with pay to eligible employees. Employees are allowed to carry over a maximum of 40 hours of unused vacation time to the next calendar year, however all hours carried over must be used by March 31<sup>st</sup> of the next calendar year. All accrued vacation time is paid out upon termination. Sick leave can be accumulated to 96 hours per calendar year but will not be paid out upon termination. The District accounts for compensated absences using a days-used approach. This approach consists of gathering the historical usage of compensated absences used to determine both a liability related to leave to be used as time off and leave to be settled in cash upon termination of employment. Salary related employer payments are included in the calculation of the compensated absence liability.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**Accrued Liabilities and Long-Term Obligations**

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

**Bond Premiums/Discounts**

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minot City Employee Pension Plan (CEPP) and the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from CEPP's and NDPERS' fiduciary net position have been determined on the same basis as they are reported by CEPP and NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance Classifications**

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

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

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

*Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Park Board – the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Park Board and Executive Director have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned* - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

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

**Net Position**

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

**Interfund Transactions**

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

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Deferred inflows is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from receivables and taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Cost sharing defined benefit plan – pensions and OPEB are reported as deferred inflows of resources in the Statement of Net Position, which represents actuarial differences within the CEPP and NDPERS pension plans and NDPERS OPEB plan.

**Revenue Recognition - Property Taxes**

Taxes receivable consists of current and delinquent uncollected taxes at December 31, 2023. Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 1 if the first half of the taxes has not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the Park District.

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

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**Change in Accounting Principles**

The District implemented GASB Statement No. 101, *Compensated Absences* in the year ended December 31, 2024. GASB Statement No. 101 enhances the accounting and financial reporting requirements for accounting for compensated absences. The adoption of GASB 101 resulted in no adjustment to beginning net position.

**NOTE 3      DEPOSITS**

**Custodial Credit Risk**

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

The District maintains cash on deposit at various financial institutions. The amount on deposit was insured by the FDIC or NCUA up to \$250,000 at each institution. At December 31, 2024, the District had approximately \$8.8 million in excess of the FDIC and NCUA limits on deposit. Deposits in excess of the FDIC and NCUA limits were covered by pledged securities that exceed 110% of the uninsured values.

**NOTE 4      INVESTMENTS**

**Interest Rate Risk**

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

**Credit Risk**

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

At December 31, 2024, the City's investments were as follows:

Investment Type	Total Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Mutual Funds	\$ 1,522,389	\$ 1,522,389	\$ -	\$ -	\$ -
Investments not subject to Categorization					
Money Market Funds	1,345,690				
	<u>\$ 2,868,079</u>				

**Fair Value Measurements**

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

- Level 1: Valuation is based upon quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.
- Level 2: Valuation is based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The table below presents the balances of investments measured at fair value on a recurring basis as of December 31, 2024.

Mutual Funds	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities	\$ 691,527	\$ 691,527	\$ -	\$ -
Alternative Securities	123,076	123,076	-	-
Equity Mutual Fund	707,786	707,786	-	-
Total Assets at Fair Value	<u>\$ 1,522,389</u>	<u>\$ 1,522,389</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance 1/1/2024	Additions	Deletions	Transfers	Balance 12/31/2024
Capital Assets Not Being Depreciated:					
Land and Special Assessments	\$ 9,470,914	\$ -	\$ -	\$ -	\$ 9,470,914
Construction in Progress	598,311	2,124,066	-	(314,663)	2,407,714
Total Capital Assets Not Being Depreciated	<u>\$ 10,069,225</u>	<u>\$ 2,124,066</u>	<u>\$ -</u>	<u>\$ (314,663)</u>	<u>\$ 11,878,628</u>
Capital Assets Being Depreciated					
Buildings	\$ 52,060,109	\$ 25,500	\$ -	\$ 149,634	\$ 52,235,243
Vehicles	1,589,445	74,994	-	-	1,664,439
Equipment	3,169,963	240,604	(54,376)	-	3,356,191
Furniture and Fixtures	5,689,200	199,155	-	8,570	5,896,925
Improvements	31,926,100	2,225,666	-	131,833	34,283,599
Strategic Planning	559,764	596	-	24,626	584,986
Leased Equipment	1,037,197	377,859	(239,812)	-	1,175,244
SBITA Assets	14,510	26,364	(14,510)	-	26,364
Total Capital Assets Being Depreciated	<u>\$ 96,046,288</u>	<u>\$ 3,170,738</u>	<u>\$ (308,698)</u>	<u>\$ 314,663</u>	<u>\$ 99,222,991</u>
Less Accumulated Depreciation or Amortization					
Buildings	\$ 10,117,011	\$ 1,513,651	\$ -	\$ -	\$ 11,630,662
Vehicles	1,332,367	77,661	-	-	1,410,028
Equipment	2,102,079	178,103	(54,376)	-	2,225,806
Furniture and Fixtures	2,497,553	282,225	-	-	2,779,778
Improvements	9,392,525	1,431,553	-	-	10,824,078
Strategic Planning	186,924	21,467	-	-	208,391
Leased Equipment	403,128	258,300	(239,812)	-	421,616
SBITA Assets	12,437	9,911	(14,510)	-	7,838
Total Accumulated Depreciation or Amortization	<u>\$ 26,044,024</u>	<u>\$ 3,772,871</u>	<u>\$ (308,698)</u>	<u>\$ -</u>	<u>\$ 29,508,197</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 70,002,264</u>	<u>\$ (602,133)</u>	<u>\$ -</u>	<u>\$ 314,663</u>	<u>\$ 69,714,794</u>
Governmental Capital Assets, Net	<u>\$ 80,071,489</u>	<u>\$ 1,207,270</u>	<u>\$ -</u>	<u>\$ 314,663</u>	<u>\$ 81,593,422</u>

Depreciation and Amortization Expense were charged to the functions/programs of the primary government as follows:

Park Operations	\$ 3,525,018
Recreation	247,853
	<u>\$ 3,772,871</u>

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**NOTE 6      LONG-TERM LIABILITIES**

**General Obligation Bonds**

General Obligation Bond, issued November 1, 2012  
principal due annually beginning May 1, 2013 through  
May 1, 2027. Interest due May 1 and November 1  
of each year, interest at 2.00%. Payments are made by the  
associated debt service fund. \$800,000

General Obligation Bond, issued May 19, 2020  
principal and interest due annually beginning May 1, 2021  
through May 1, 2040. Interest rate 2.00%. Payments are  
made by the associated debt service fund. 2,720,000

General Obligation Bond, issued July 5, 2023  
principal and interest due annually beginning May 1, 2024  
through May 1, 2038. Interest rate 4.00% - 5.00%. Payments are  
made by the associated debt service fund. 2,600,000

<b>Total General Obligation Bonds</b>	<b>\$6,120,000</b>
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**Special Assessment Bonds**

Refunding Improvement Bond, issued October 30, 2014  
principal due annually beginning May 1, 2015 through May 1, 2029  
Interest due May 1 and November 1 of each year, interest at 3.00%. \$750,000

General Obligation Special Assessment Prepayment Bond,  
issued August 19, 2015, principal due annually beginning May 1, 2016  
through May 1, 2023. Interest due May 1 and November 1 of each  
year, interest at 2.00%. 165,000

Refunding Improvement Bond, issued March 8, 2016  
principal due annually beginning May 1, 2017 through May 1, 2026.  
Interest due May 1 and November 1 of each year, interest  
varies from 1.20% to 1.50%. 435,000

Refunding Improvement Bond, issued August 15, 2018,  
principal due annually beginning May 1, 2019 through May 1, 2038.  
Interest due May 1 and November 1 of each year, interest  
varies from 3.00% to 3.50%. 1,510,000

Refunding Improvement Bond, issued August 9, 2021 by the  
City of Minot for the Outdoor Recreation Area. Payments are due  
February 15th 2023 through 2032. Interest Rates are set at 2.387% 1,101,809

Refunding Improvement Bond, issued August 9, 2021 by the  
City of Minot for the Discovery Center Paving and Parking Lot



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

Projects are in progress and payments are estimated to start in 2024.  
Interest varies from 3.00% to 4.00%.

\$2,677,565

Park Improvement Bond, issued June 5, 2024  
principal due annually, beginning May 1, 2025 through May 1, 2039  
Interest due May 1 of each year, interest at 2.00%

1,459,342

Refunding Improvement Bond, issued October 22, 2024  
Principal due annually, beginning May 1, 2026 through May 1, 2040  
interest due May 1 and November 1 of each year. Interest  
varies from 3.35% to 5.00%

2,610,000

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**Total Special Assessment Debt**

**\$10,708,716**

**Revenue Bonds**

Gross Facilities Revenue Bond, issued March 29, 2016,  
principal due annually beginning December 1, 2016 through  
December 1, 2035. Interest due June 1 and December 1  
of each year, interest varies from 2.00% to 3.375%. Payments  
are made by the General fund.

\$4,005,000

Gross Facilities Revenue Bond, issued August 15, 2018  
principal due annually beginning December 1, 2019 through  
December 1, 2038. Interest due June 1 and December 1  
of each year, interest varies from 2.00% to 3.75%. Payments are  
made by the General Fund.

1,700,000

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**Total Gross Revenue Debt**

**\$5,705,000**

**Contract for Deed**

Contract for Deed dated August 1, 2019, principal and interest  
due annually beginning September 1, 2020 through September 1,  
2030, interest 4.25%. Payments are made by the General Fund.  
Exercised early pay off option with additional payment in 2024  
and final payment in 2025

\$306,738

**Equipment Note**

Equipment Note dated May 24, 2024. Principal and interest  
due annually beginning July 1, 2025 through July 1, 2027  
Interest 7.25% Payments made by the General Fund.

\$26,956

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**Total Debt**

**\$22,867,410**

**Leased Equipment**

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

The Minot Park District leases one postage machine, three copiers, 53 golf carts and 27 pieces of equipment. The terms of the leases range from 4 – 7 years, commencing as early as April 2020 and terminating as late as July 2029 with annual payments ranging from \$176 to \$77,513.

**Subscription-Based Information Technology Arrangements (SBITA)**

The Minot Park District entered into a subscription-based information technology arrangement (SBITA) with Blackbaud for the usage of accounting software. The SBITA contract commenced February 12, 2024 and terminates on February 11, 2027 with annual payments ranging from \$8,523 - \$9,930.

**Future Maturities**

The anticipated annual requirements to pay existing debt as of December 31, 2024 are as follows:

	<b>G.O. Bonds</b>		<b>Special Assessment Bonds</b>		<b>Revenue Bonds</b>		<b>Bank Note</b>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$540,000	\$191,150	\$1,136,718	\$245,507	\$480,000	\$184,445	\$10,046	\$1,954
2026	555,000	176,300	1,100,553	284,236	490,000	170,045	10,774	1,226
2027	570,000	161,000	897,257	255,963	425,000	155,345	6,136	444
2028	310,000	145,250	913,998	230,246	430,000	142,595	-	-
2029	320,000	134,400	930,773	203,681	445,000	129,695	-	-
2030-2034	1,780,000	493,350	3,463,802	651,863	2,460,000	426,739	-	-
2035-2039	1,850,000	169,800	2,040,615	239,037	975,000	67,875	-	-
2040-2044	195,000	3,900	225,000	8,745	-	-	-	-
Total	\$6,120,000	\$1,475,150	\$10,708,716	\$2,119,278	\$5,705,000	\$1,276,739	\$26,956	\$3,624

	<b>Contract for Deed</b>		<b>Lease Liability</b>		<b>SBITA</b>		<b>Total</b>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$306,738	-	\$198,511	\$29,629	\$8,417	\$777	\$2,680,430	\$653,462
2026	-	-	165,442	22,504	9,517	413	2,331,286	654,724
2027	-	-	151,906	15,492	-	-	2,050,299	588,244
2028	-	-	158,198	9,200	-	-	1,812,196	527,291
2029	-	-	74,998	2,648	-	-	1,770,771	470,424
2030-2034	-	-	-	-	-	-	7,703,802	1,571,952
2035-2039	-	-	-	-	-	-	4,865,615	476,712
2040-2044	-	-	-	-	-	-	420,000	12,645
Total	\$306,738	-	\$749,055	\$79,473	\$17,934	\$1,190	\$23,634,399	\$4,955,454

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due within One Year
Long-Term Debt:					
General Obligation Bonds	\$ 6,670,000	\$ -	\$ (550,000)	\$ 6,120,000	\$ 540,000
Special Assessment Bonds	7,844,608	4,069,341	(1,205,233)	10,708,716	1,136,718
Gross Revenue Bonds	6,165,000	-	(460,000)	5,705,000	480,000
Contract for Deed	713,993	-	(407,255)	306,738	306,738
Bank Note	-	26,956	-	26,956	10,046
Lease Liability	657,822	377,859	(286,626)	749,055	198,511
SBITA Debt	6,603	26,363	(15,032)	17,934	8,417
Total Long-Term Debt	<u>\$ 22,058,026</u>	<u>\$ 4,500,519</u>	<u>\$ (2,924,146)</u>	<u>\$ 23,634,399</u>	<u>\$ 2,680,430</u>
Unamortized Premium/Discount	470,740	64,215	(46,847)	488,108	-
<b>Total Long-Term Liabilities</b>	<u><b>\$ 22,528,766</b></u>	<u><b>\$ 4,564,734</b></u>	<u><b>\$ (2,970,993)</b></u>	<u><b>\$ 24,122,507</b></u>	<u><b>\$ 2,680,430</b></u>

**NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

**DEFINED BENEFIT PLANS**

**City Employee Pension Plan (CEPP)**

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

*Plan Description*

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

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*Plan Administration*

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

*Benefits Provided*

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

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

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

*Supplemental Benefits Provided*

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

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*Contributions Required and Contributions Made*

The actuary does not determine the pension contribution rates; rather it is done by employer recommendations within the limits established by state statute. The employees contributed 14.74 percent and the employer 46.54 percent of covered payroll. The employer contributions to the plans are to be made through an annual tax levy or other budgeted sources. Based on an actuarial valuation, contributions are providing for a closed amortization period of 30 years (20 years remaining as of January 1, 2024) respectively on the unfunded liability at January 1, 2024.

*Summary of Significant Accounting Policies and Plan Asset Matters*

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

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

The following was the Board's adopted asset allocation policy as of December 31, 2024:

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

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

Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. The long-term expected rate of return of 7.00 percent on plan investments was determined using official rates of return under the Global Investment Performance Standards in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Rate of Return.* For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of investment expense was 16.6 percent. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

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

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Assumptions

Valuation Date	January 1, 2024
Measurement Date	January 1, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount
Remaining Amortization Period	30 year closed period (20 years remain as of 1/1/2024)
Asset Valuation Method - Smoothing	5 Years gains and losses
Investment Rate of Return	7.00%
Projected Salary Increases	0-4 Years of Service - 7.0%
	5-12 Years of Service - 4.5%
	13+ Years of Service - 4.0%
Cost of Living Adjustments	1% After age 65
Marriage Rate	85%
Spouse Age Differential	Males are assumed to be 3 years older than spouses
Mortality Rate	Mortality rates are based on the Pub-2010 and PUB-2010 Mortality Tables with Projection Scale MP-2021

*Pension Costs.* At December 31, 2024 the Park District reported a liability of \$6,166,203 for its proportionate share of the CEPP's net pension liability. The net pension liability was measured as of January 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net pension liability was based on its present value of future payroll relative to the total present value of payroll for all participating employers. At January 1, 2024, the Park District's proportionate share was 7.7040 percent which was an increase from 7.4137 percent measured as of January 1, 2023.

For the year ended December 31, 2024, the Park District recognized pension expense of \$664,332 for its proportionate share of the CEPP's pension expense. At December 31, 2024, the Park District reported the following amounts and sources for deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,997	\$ -
Changes in Assumptions	220,151	-
Net difference between projected and actual earnings on pension plan investments	479,090	(31,510)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,267	-
Employer contributions subsequent to measurement date	522,285	-
Total	<u>\$ 1,252,790</u>	<u>\$ (31,510)</u>

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\$522,285 reported as deferred outflows of resources related to pension resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

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

Year Ending December 31:

2025	\$ 321,446
2026	205,573
2027	273,996
2028	(102,020)
	\$ 698,995

The following presents the Park District's proportionate share of the net pension liability using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent):

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Employer's Proportionate share of the net pension liability	\$ 7,690,712	\$ 6,166,203	\$ 4,893,977

***Pension Plan Fiduciary Net Position***

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

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

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

***Pension Benefits***



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Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00 percent of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00 percent multiplier was replaced with a 1.75 percent multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of House Bill 1040. The closure of the plan will be effective on January 1, 2025.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

***Death and Disability Benefits***

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50 percent of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100 percent Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25 percent of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

***Refunds of Member Account Balance***

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

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***Member and Employer Contributions***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7 percent and employer contribution rates are 8.12 percent of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7 percent and employer contribution rates are 9.26 percent of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At December 31, 2024, the Employer reported a liability of \$3,709,047 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2024, the Employer's proportion was 0.1983070 percent, which was an increase from 0.010675 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Employer recognized pension expense of \$734,444. At December 31, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176,104	\$ -
Changes in Assumptions	893,873	(1,683,099)
Net difference between projected and actual earnings on pension plan investments	-	(33,914)
Changes in proportion and differences between employer contributions and proportionate share of contributions	836,426	-
Employer contributions subsequent to measurement date	102,288	-
Total	<u>\$ 2,008,691</u>	<u>\$ (1,717,013)</u>

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\$102,288 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:

2025	\$ (60,079)
2026	339,244
2027	(82,388)
2028	(7,387)

***Actuarial assumptions***

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, Net of investment expense
Cost-of-living adjustments	None

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	31.9%	5.40%
International Equity	19.1%	7.00%
Private Equity	7.0%	8.50%
Domestic Fixed Income	23.0%	2.88%
Global Real Assets	19.0%	6.10%

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***Discount rate***

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

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

For the purpose of this valuation the expected rate of return on pension plan investments is 6.5%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Employer's Proportionate share of the net pension liability	\$ 5,241,761	\$ 3,709,047	\$ 2,437,864

***Pension plan fiduciary net position***

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

**DEFINED CONTRIBUTION PLAN**

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

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414(h)(2). The 457(b) plan is provided for those employees who elect to defer a portion of their compensation.

For each enrolled employee, the employer shall contribute an amount which will equal 400 percent of the amount of the employee's contribution to the 457(e)(1)(A) plan, not to exceed 8 percent of the employee's eligible compensation. Benefit terms, including contribution requirements are established and may be amended by the City Council. For the year ended December 31, 2024, Park District employee contributions totaled \$12,986 and the Park District recognized expense of \$13,852.

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

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

Non-vested contributions are forfeited following a five-year period of severance. Such forfeitures are used to make restorations for rehired participants and to reduce employer contributions or to correct errors, omissions, and exclusions. For the year ended December 31, 2024, there were no forfeitures recognized by the District.

**NDPERS – DEFINED CONTRIBUTION PLAN**

After the closure of the NDPERS pension plan on December 31, 2024 all new full-time employees will be entered into the NDPERS-Defined Contribution plan. Participating Members shall contribute four percent of the monthly Salary or Wage paid to such Participant. In addition, this newly Participating Member can irrevocably elect within the first thirty days of employment to contribute up to an additional three percent Employee contribution. All additional contributions shall be in whole percentages. The Employer shall contribute an amount equal to five and twenty-six hundredths as an Employer contribution. If the Employee elects to contribute up to an additional three percent Employee contribution, then the Employer shall make a matching Employer contribution up to three percent.

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

<u>Years of Creditable Service</u>	<u>Vested Portion</u>
Upon Completion of 2 years	50%
Upon Completion of 3 years	75%
Upon Completion of 4 years	100%

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A participating member who was a participant or deferred member of the Public Employees Retirement System and who makes an election to participate in the plan must be credited with years of service accrued under the Public Employees Retirement System on the effective date of participation in this plan for the purposes of meeting vesting requirements under this section. Any forfeitures as a result of a participating member to vest in the employer contributions must be used to defray administrative expense.

**NOTE 8      OTHER POST-EMPLOYMENT BENEFITS**

**North Dakota Public Employees Retirement System – OPEB Plan**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the Highway Patrolmen's Retirement System (HPRS), and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

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

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan,

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the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At December 31, 2024, the Employer reported a liability of \$85,164 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2024 the Employer's proportion was 0.098563 percent, which was an increase from 0.098279 percent from its proportion measured as of July 1, 2023.

For the year ended December 31, 2024 the Employer recognized OPEB expense of \$26,532. At December 31, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,052	\$ (655)
Changes in Assumptions	12,955	(5,831)
Net difference between projected and actual earnings on pension plan investments	-	(3,185)
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,939	(2,053)
Employer contributions subsequent to measurement date	5,185	-
Total	<u>\$ 33,131</u>	<u>\$ (11,724)</u>

\$5,185 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

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Year Ending December 31:

2025	\$13,129
2026	9,133
2027	(3,861)
2028	(2,179)
	\$16,222

***Actuarial assumptions***

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Not applicable
Investment rate of return	5.75 percent, net of investment expenses
Cost-of-living adjustments	None

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

**Investment Rate of Return:** The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equity	33%	4.00%
Small Cap Domestic Equity	6%	6.00%
International Equities	26%	7.00%
Domestic Fixed Income	35%	3.29%



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

***Discount rate***

The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	<b>1% Decrease (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
Employer's Proportionate share of the net OPEB liability	\$ 116,398	\$ 85,164	\$ 58,857

**NOTE 9 INTERFUND ACCOUNTS AND TRANSFERS**

At December 31, 2024, the General fund transferred \$358,794 to the Capital Projects to cover the deficit fund balance and \$28,975 to reallocate amounts received from the county to match their annual statement and correct interest expense paid from general fund. Interfund balances at December 31, 2024 consist of \$18,002 of expenses that were paid by the general fund on behalf of the Foundation fund. All amounts will be repaid in 2025.

**NOTE 10 RISK MANAGEMENT**

The City of Minot Park District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

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

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

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

was required to purchase a surplus note. The note matured during 1991. The District receives conferment of benefits towards its insurance premiums as payment on the surplus note.

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

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

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

**NOTE 11    NEW ACCOUNTING PRONOUNCEMENTS**

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*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**NOTE 12    COMMITMENTS**

On August 15, 2023 the Minot Park District board made a motion to get bids for the African Plains building, this project will be funded by an anonymous donor with a contribution of \$2.5 million. On February 20<sup>th</sup>, 2024 the board awarded bid to Rolac Construction for the African Plains Building for a total cost of \$2.9 million. As of December 31, 2024 the remaining balance to completion on the project was \$1,114,772.

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2024**

**NOTE 13    SUBSEQUENT EVENTS**

On January 21, 2025 the Minot Park District board approved bids for the Roosevelt Park Pool filtration update in the amount of \$1,005,634 plus engineering fees. The project is funded through a special assessment bond completed on October 22, 2024 with \$1,500,000 of the proceeds designated for the filtration project. Additional funds if not needed have an early call option to pay off early.

On April 7, 2025 the Minot Park District board voted to close the Roosevelt Park Pool for the 2025 season due to flood control projects causing it to be unsafe to operate the pool.

On April 17<sup>th</sup>, 2025 the Minot Park District Foundation received and deposited a cash estate donation for \$1,778,412 that was designated for development at the Roosevelt Park Zoo.

On May 20<sup>th</sup>, 2025 the Minot Park District approved bids for the MAYSA Arena roof project in the amount of \$478,878 including engineering fees. The project is funded through a special assessment bond completed on October 22, 2024 with \$400,000 of the proceeds designated for the project.

Subsequent events have been evaluated through July 28<sup>th</sup>, 2025 which is the date these financial statements were available to be issued.

**CITY OF MINOT PARK DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original & Final Budget	Actual	Difference
<b>Revenues</b>			
Tax Revenue	\$ 8,524,150	\$ 8,256,100	\$ (268,050)
Charges for Services	2,940,881	3,441,978	501,097
State Revenue	661,567	713,307	51,740
Grants and Contributions	105,000	125,000	20,000
Investment Income	30,000	129,489	99,489
Miscellaneous	40,000	31,441	(8,559)
<b>Total Revenues</b>	<b>\$ 12,301,598</b>	<b>\$ 12,697,315</b>	<b>\$ 395,717</b>
<b>Expenditures</b>			
Park Operations	\$ 9,911,970	\$ 8,083,476	\$ (1,828,494)
Recreation	2,525,381	1,980,779	(544,602)
Debt Interest Expense	228,210	258,687	30,477
Bond Expenses	5,000	53,525	48,525
Debt Principal Payment	566,968	1,168,913	601,945
<b>Total Expenses</b>	<b>\$ 13,237,529</b>	<b>\$ 11,545,380</b>	<b>\$ (1,692,149)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from the Issuance of Bonds	\$ -	\$ 607,024	\$ 607,024
Operating Transfers In	-	64,215	64,215
Operating Transfers Out	-	(387,769)	(387,769)
<b>Total</b>	<b>\$ -</b>	<b>\$ 283,470</b>	<b>\$ 283,470</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (935,931)</b>	<b>\$ 1,435,405</b>	<b>\$ 2,371,336</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,203,633</b>	<b>4,039,557</b>	<b>-</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 267,702</b>	<b>\$ 5,474,962</b>	<b>\$ 2,371,336</b>

See Notes to the Required Supplementary Information

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

**City Employee Pension Plan (CEPP)**

	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	7.704021%	\$6,166,203	\$898,972	686%	93.39%
2023	7.413748%	5,767,755	924,850	624%	79.93%
2022	9.147847%	5,116,426	1,074,194	476%	63.51%
2021	9.024249%	5,510,993	1,295,351	425%	59.10%
2020	9.024249%	5,635,092	1,319,475	427%	55.89%
2019	7.994401%	5,607,449	1,080,608	519%	48.79%
2018	8.174460%	5,015,257	1,156,782	434%	54.11%
2017	8.146720%	5,319,564	1,211,261	439%	49.47%
2016	8.173988%	5,280,772	1,724,240	306%	48.63%
2015	7.951809%	4,570,055	2,133,363	214%	52.51%

**North Dakota Public Employees Retirement System**

	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.198307%	\$3,709,047	\$2,601,391	143%	68.02%
2023	0.187632%	3,618,018	2,294,493	158%	65.31%
2022	0.145479%	4,189,892	1,688,770	248%	54.47%
2021	0.134142%	1,398,163	1,519,013	92%	78.26%
2020	0.102576%	3,227,063	1,131,540	285%	48.91%
2019	0.046328%	542,998	481,887	113%	71.66%

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

**North Dakota Public Employees Retirement System - OPEB**

	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.098563%	\$85,164	\$1,021,810	8.33%	68.35%
2023	0.098279%	98,255	987,884	9.95%	62.74%
2022	0.089169%	107,030	1,006,491	10.63%	56.28%
2021	0.099569%	55,378	1,085,559	5.10%	76.63%
2020	0.099260%	83,497	1,131,540	7.38%	63.38%
2019	0.043185%	34,686	481,887	7.20%	63.13%

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

**CITY OF MINOT PARK DISTRICT  
SCHEDULES OF EMPLOYER CONTRIBUTION  
LAST 10 FISCAL YEARS\***

**City Employee Pension Plan (CEPP)**

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Employer's covered - employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$522,285	\$(522,285)		\$898,972	58.10%
2023	436,251	(436,251)	-	924,850	47.17%
2022	496,865	(496,865)	-	1,074,194	46.25%
2021	547,286	(547,286)	-	1,295,351	42.25%
2020	524,523	(524,636)	(113)	1,398,729	37.51%
2019	494,803	(494,550)	253	1,319,475	37.48%
2018	226,928	(227,789)	(861)	1,080,608	21.08%
2017	424,170	(240,961)	183,209	1,156,782	20.83%
2016	414,209	(264,662)	149,547	1,211,261	21.85%
2015	385,974	(257,153)	128,821	1,724,240	14.91%

**North Dakota Public Employees Retirement System**

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Employer's covered - employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$222,940	\$(222,940)	-	\$2,534,237	8.80%
2023	196,197	(196,197)	-	2,375,265	7.72%
2022	139,389	(139,389)	-	1,826,419	7.63%
2021	115,183	(115,183)	-	1,549,393	7.43%
2020	91,269	(91,269)	-	1,270,378	7.18%
2019	36,723	(36,723)	-	515,771	7.12%

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

**North Dakota Public Employees Retirement System – OPEB**

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Employer's covered - employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$11,731	\$(11,731)	-	\$1,026,003	1.14%
2023	12,822	(12,822)	-	1,124,771	1.14%
2022	11,474	(11,474)	-	1,006,451	1.14%
2021	12,797	(12,797)	-	1,122,520	1.14%
2020	13,665	(13,665)	-	1,198,657	1.14%
2019	5,880	(5,880)	-	515,771	1.14%

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

See Notes to the Required Supplementary Information

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 1     BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

**NOTE 2     BUDGETARY BASIS OF ACCOUNTING**

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

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

**Budgeted Inflows and Outflows**

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

Actual Revenues (Budgetary Basis) presented on the Budgetary Comparison Schedule	<u>\$     12,697,315</u>
Differences - budget to GAAP:	
Net Effect of Dec 31, 2023 and 2024 revenue recorded when measurable and available on the revenue statement but not recorded as revenue on the budgetary statement until collected.	<u>8,157</u>
Total revenues as reported on the statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$     12,705,472</u>

**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**DECEMBER 31, 2024**

Actual expenditures (budgetary basis) presented on the Budgetary Comparison Schedule	\$ 11,545,380
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Differences - Budget to GAAP:

Net Effect of December 31, 2023 and 2024 liabilities that are paid from "available resources" and are recognized as an expenditure when obligation is incurred on the revenue statement but not recorded on the budget statement until paid.	<u>(10,831)</u>
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Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 11,534,549</u>
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**NOTE 3            NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Pension**

***Changes of benefit terms***

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

***Changes of assumptions***

All actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

**OPEB**

***Changes of benefit terms***

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2023.

***Changes of assumptions***

All actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with



**CITY OF MINOT PARK DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**DECEMBER 31, 2024**

the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

**NOTE 4            CITY OF MINOT EMPLOYEE'S PENSION PLAN**

***Changes of assumptions***

As of December 31, 2021 the Plan updated the mortality improvement scale from Scale MP-2020 to mortality improvement table MP-2021, but the underlying mortality tables of Pub-2010 and PubS-2010 did not change. There were no other changes in Plan provisions, cost allocation procedures, contribution allocation procedures, assumptions or methods from the January 1, 2022 Actuarial Valuation. There were no adjustments of prior measurements or use of approximations which would materially impact the results.

Effective January 1, 2014 the Plan has been closed to new participants. As a result of the plan closing, the amortization method was changed from an open 30 year level percentage of payroll method to a 30-year close level dollar method. As of January 1, 2024 there are 20 years remaining in the amortization period.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Minot Park District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Minot Park District's basic financial statements and have issued our report thereon dated July 28, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## 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**

July 28, 2025