



Bismarck Parks and Recreation District Administration Division

DATE: May 12, 2026

TO: Commissioners Gilbertson, Herzog, Jeske, Redmann, and President Zimmerman; Executive Director Kevin Klipfel

FROM: Kathy Feist, Finance Director

SUBJECT: 2025 Audit Report

The audited financial statements for the year ended December 31, 2025, and the management letter were finalized on May 5, 2026, and are included in your agenda packet. Mindy Piatz from Brady, Martz and Associates will present the audited financial statements at the May 21 board meeting.

Requested Board action is to approve the Bismarck Parks and Recreation District's audited financial statements for the year ended December 31, 2025.

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Bismarck Parks and Recreation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bismarck Parks and Recreation District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Bismarck Parks and Recreation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2026 on our consideration of the Bismarck Parks and Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bismarck Parks and Recreation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bismarck Parks and Recreation District's internal control over financial reporting and compliance.



BRADY MARTZ
BISMARCK, NORTH DAKOTA

May 5, 2026

BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

This section of the Bismarck Parks and Recreation District's (the District) audited financial statements presents a discussion and analysis of the District's financial performance for the year ended December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers are encouraged to review the District's basic financial statements, which follow this section, to enhance their understanding of the District's financial performance.

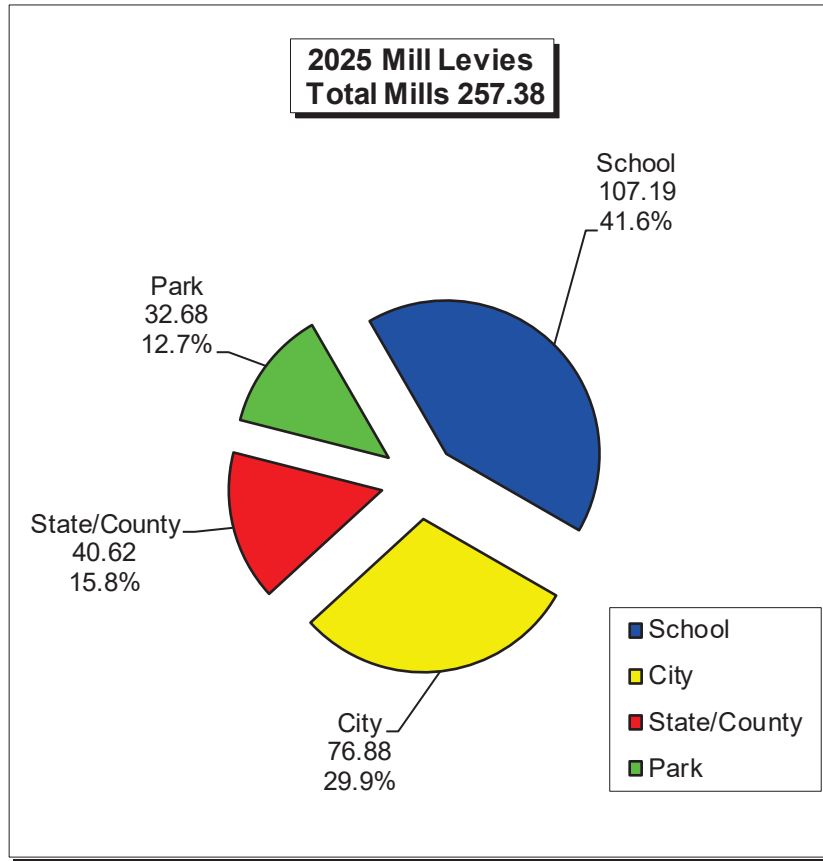
- ***The vision statement of the Bismarck Parks and Recreation District is "Provide the highest quality public parks, programs, facilities and leisure services."***
- ***The mission statement of the Bismarck Parks and Recreation District is "Collaborate with the community to provide residents and visitors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

Financial Highlights

- The total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at December 31, 2025 by \$84,859,164. Of this amount, \$11,475,408 is unrestricted in governmental activities and may be used to meet the District's ongoing obligations. Another \$2,001,257 is restricted by constraints imposed on resources either externally or imposed by law and \$71,382,499 is invested in capital assets.
- The District's total net position increased by \$4,073,971 during the year ended December 31, 2025.
- At December 31, 2025, the District's governmental funds reported combined ending fund balances of \$16,319,940, an increase of \$4,020,734 in comparison with the 2024 year.
- The District had \$22,587,649 in general fund revenue and \$240,790 in other financing sources. General fund expenditures were \$20,199,123 and there were \$1,490,400 in other financing uses. Local taxes contributed to 46% of the general fund revenue. Revenues and other sources exceeded expenditures and other uses by \$1,138,916.
- At December 31, 2025, the general fund unassigned fund balance was \$7,854,833 or 36.2% of total general fund expenditures and transfers out.
- The District's bonds and note payables decreased by \$3,733,238 (-13.1%) during 2025. New special assessments of \$160,163 were added during the year.

BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

The District receives property tax revenue through the mill levy process. The District's mill levy for 2024 due January 2025 was 32.68 or 12.7% of the total mills levied. The general fund mill levy was 22.59 mills. The following chart indicates the allocation of property tax funds to the major governmental entities.

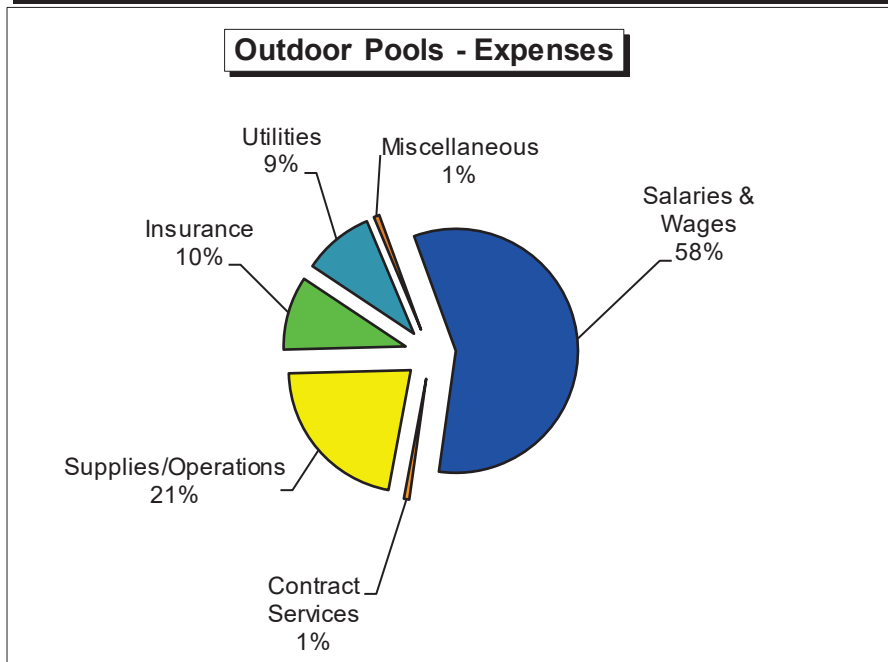
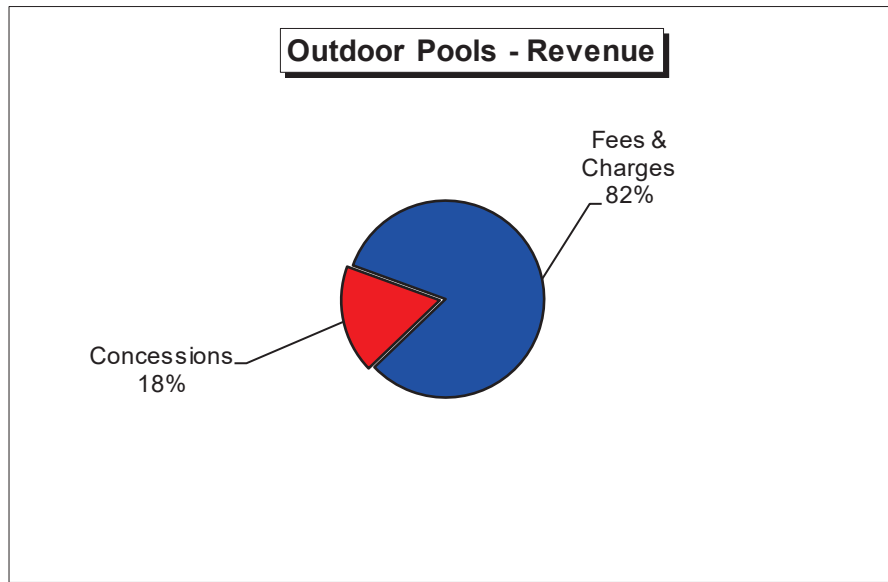


BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Facility Division - Outdoor Swimming Pools

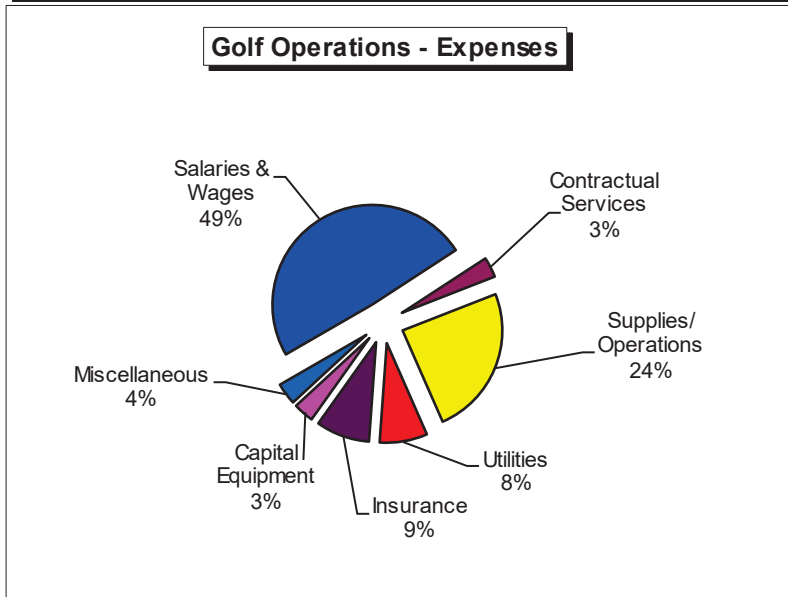
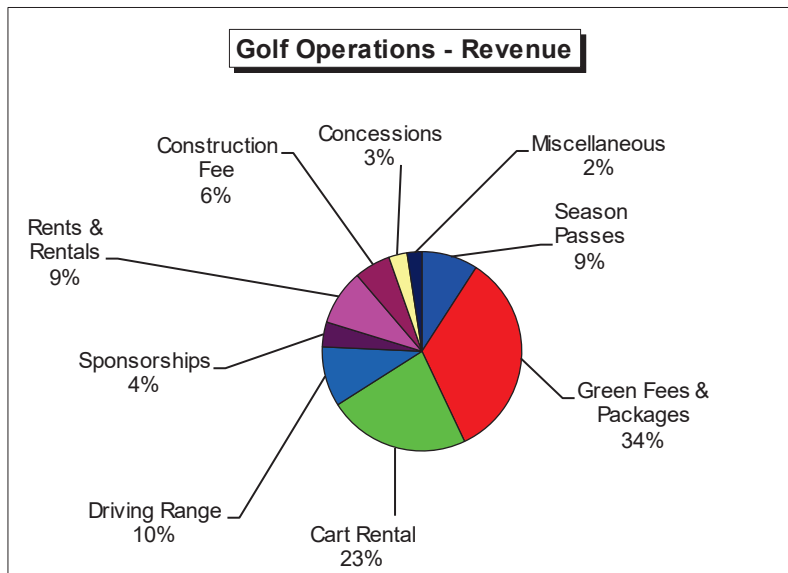
- The District operates three swimming pools – Elks Aquatic Center, Hillside Aquatic Complex and Wachter Aquatic Complex. The daily attendance at the three pools was 29,931 for the entire 2025 year, a decrease of 5,996 from 2024. Attendance was lower in 2025 due to cooler temperatures during the summer months.
- 33% of operating costs of the pools were covered by non-tax revenue.



**BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025**

Golf Operations Division

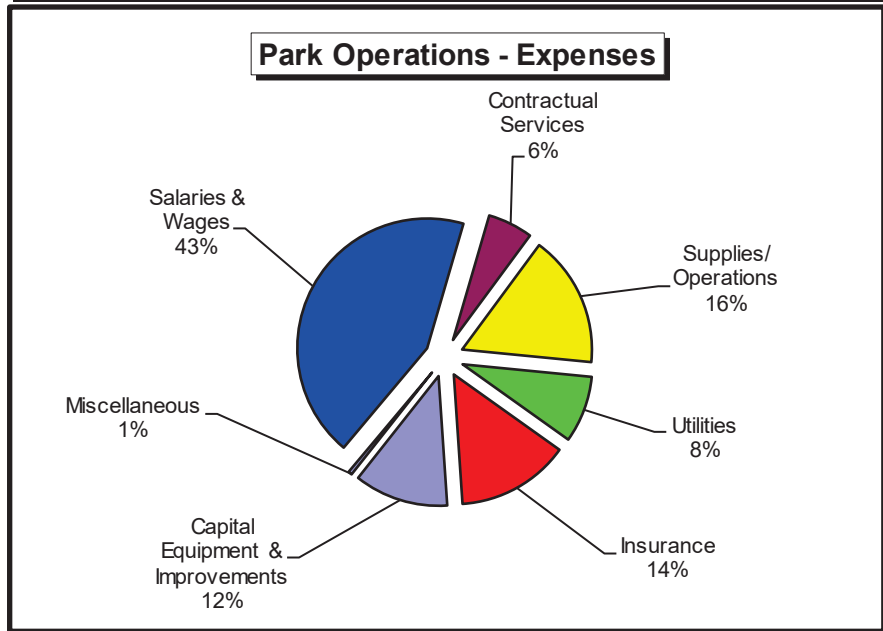
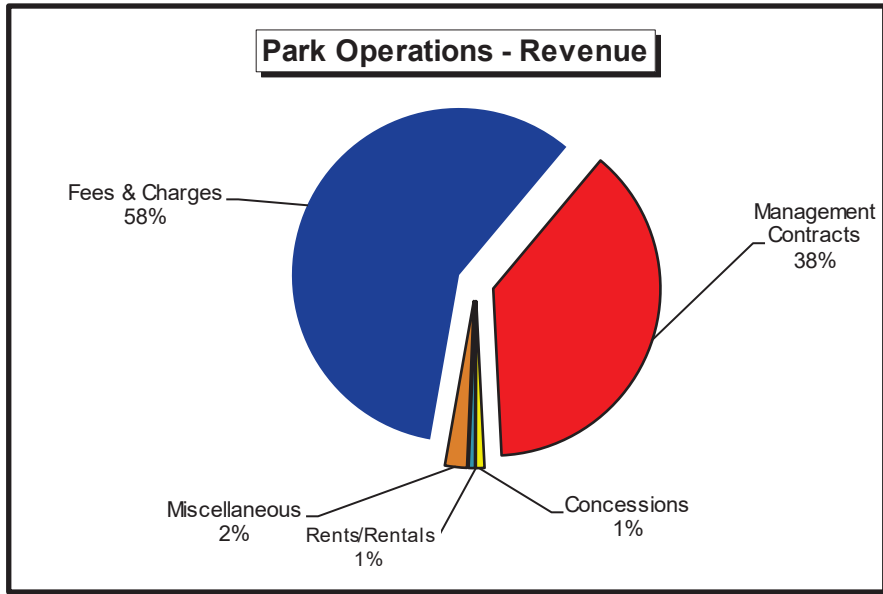
- The Golf Operations Division operates three golf courses – Riverwood, Tom O’Leary and the Pebble Creek/Fore Seasons Center, including the Junior Links.
- The golf courses had 90,269 rounds of golf during 2025. This was 8,070 rounds more than 2024. Pebble Creek was completely open in 2025 after being partially closed in 2024 due to a construction project and accounted for 4,428 of the additional rounds in 2025. The Junior Links opened at Pebble Creek in July 2025 and had 1,806 rounds recorded in 2025. Tom O’Leary had an increase of 2,053 due to favorable playing conditions at the course.
- 92% of operating costs were covered by non-tax revenue.
- *The following is a graphic presentation of revenue and expenses related to Golf Operations:*



BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

Park Operations Division

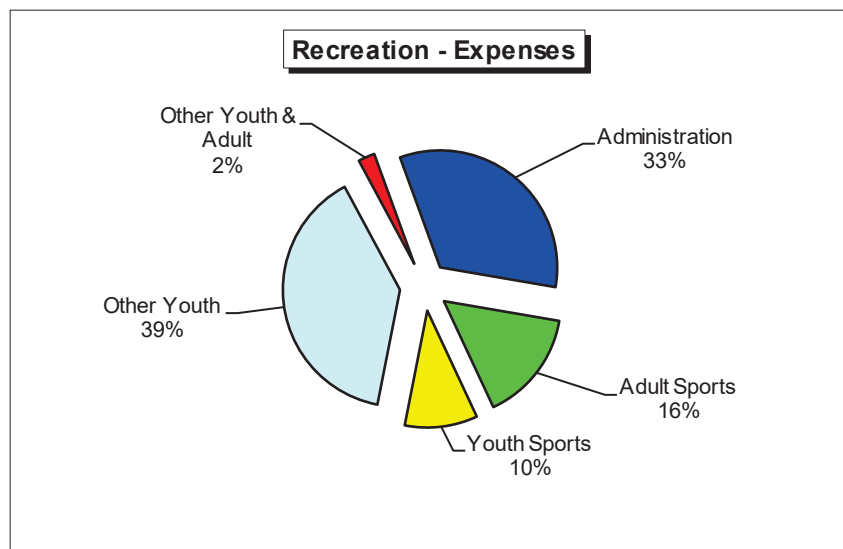
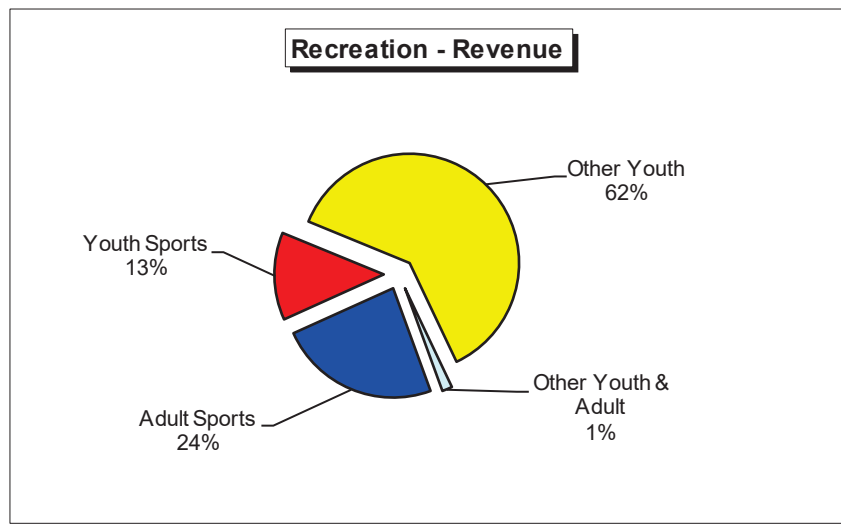
- Park Operations provides general maintenance and service to the District. In addition, Park Operations manages Eagles Park, General Sibley Park, McDowell Dam, and Burleigh County Parks.
- Park Operations had 1,711 shelter reservations in 2025, an increase of 114 from 2024. Rental reservations at the Community Rooms are available year-round and account for the increased reservations over 2024.
- The Bismarck Forestry department continued to provide forestry services for the District under an agreement with the City of Bismarck.
- *The following is a graphic presentation of revenue and expenses related to Park Operations, Eagles Park, General Sibley Park, McDowell Dam and Burleigh County Parks:*



BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

Recreation Division

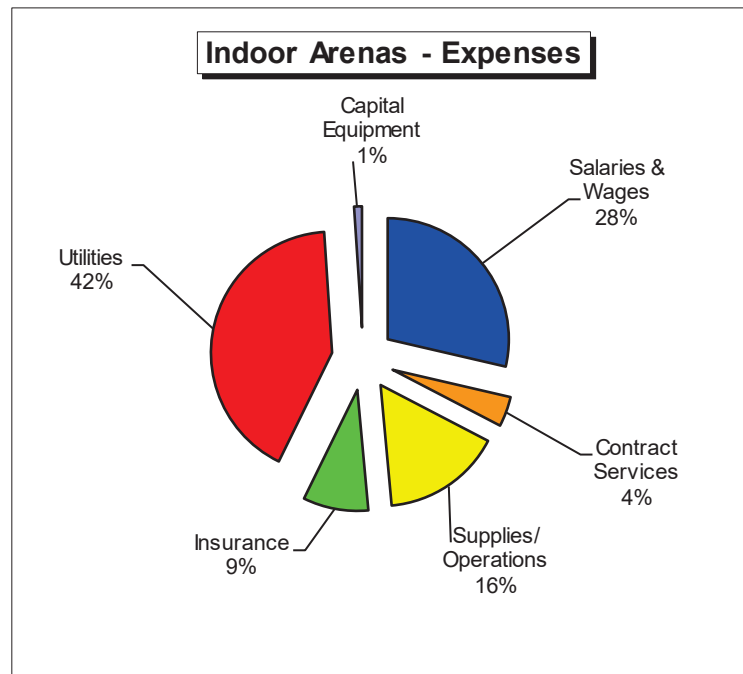
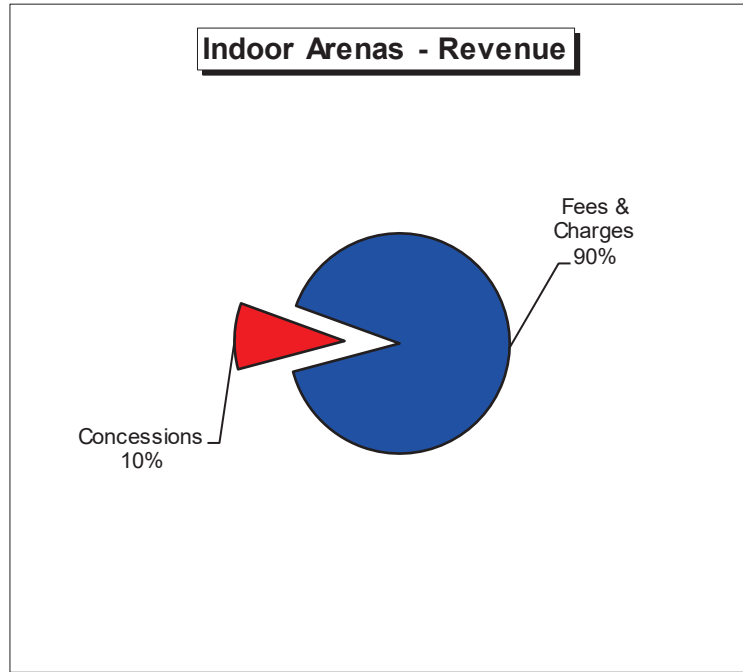
- The District manages a wide variety of youth and adult programs. Some of the programs include BLAST (662 participants), adult volleyball (6,376), activity centers (655), and open gym (8,536).
- 74% of operating costs were covered by non-tax revenue.
- *The following is a graphic presentation of revenue & expenses related to the various recreational activities:*



BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

Indoor Arenas: VFW Sports Center – Rink 1, H.A. Thompson & Sons Arena 2, & First International Bank & Trust Arena 3; Capital Ice Complex – Schaumberg & Wachter Arenas

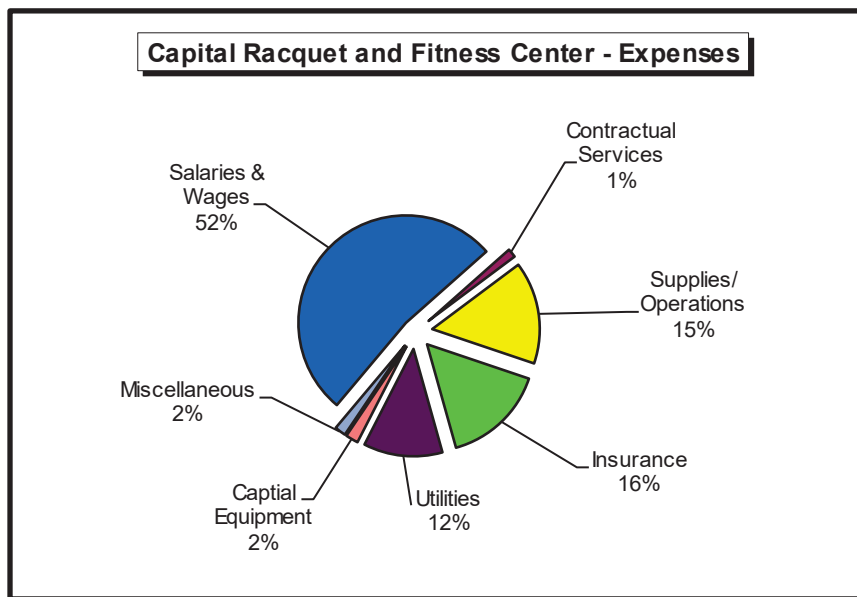
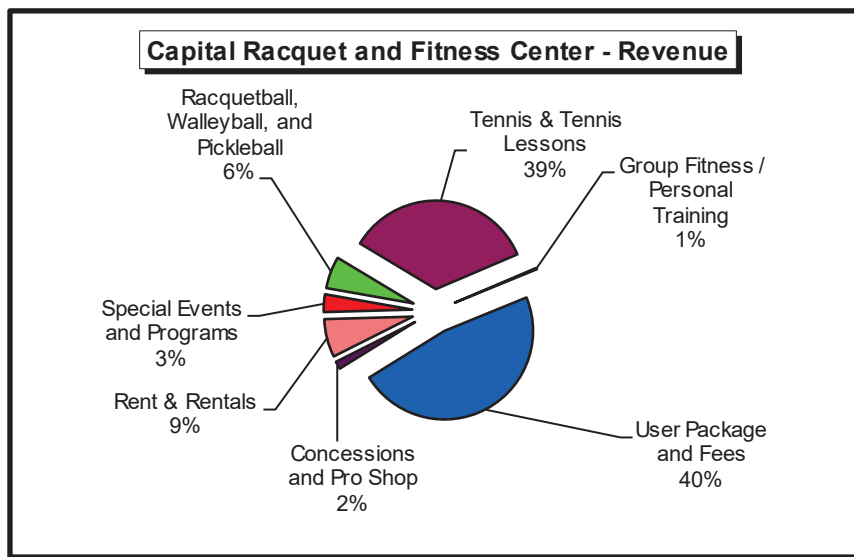
- 54% of operating costs were covered by non-tax revenue.
- Ice rental accounts for 85% of generated revenue in arena operations with most attributed to long-term agreements with youth and adult organizations, schools and Junior hockey.
- *The following is a graphic presentation of revenue and expenses related to the Indoor Arenas:*



**BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025**

Capital Racquet and Fitness Center

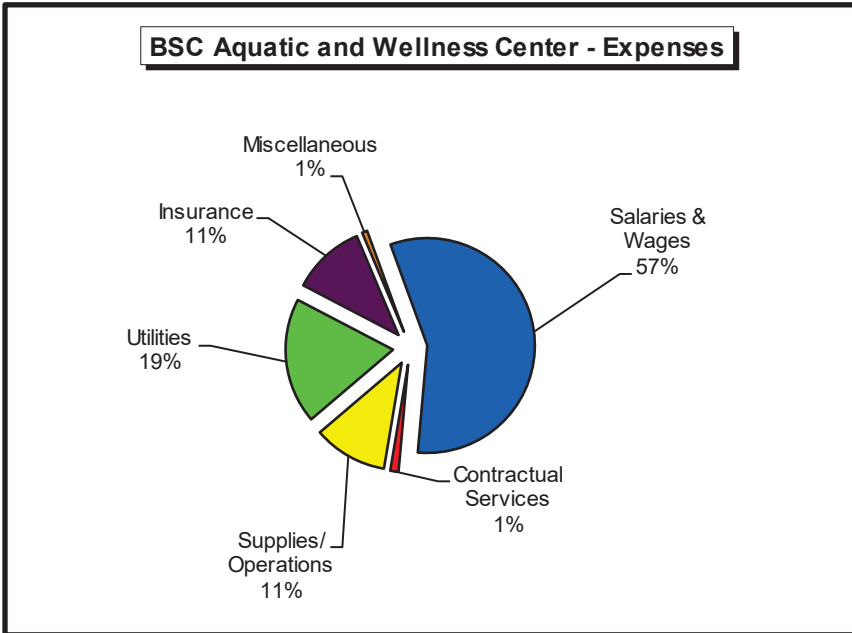
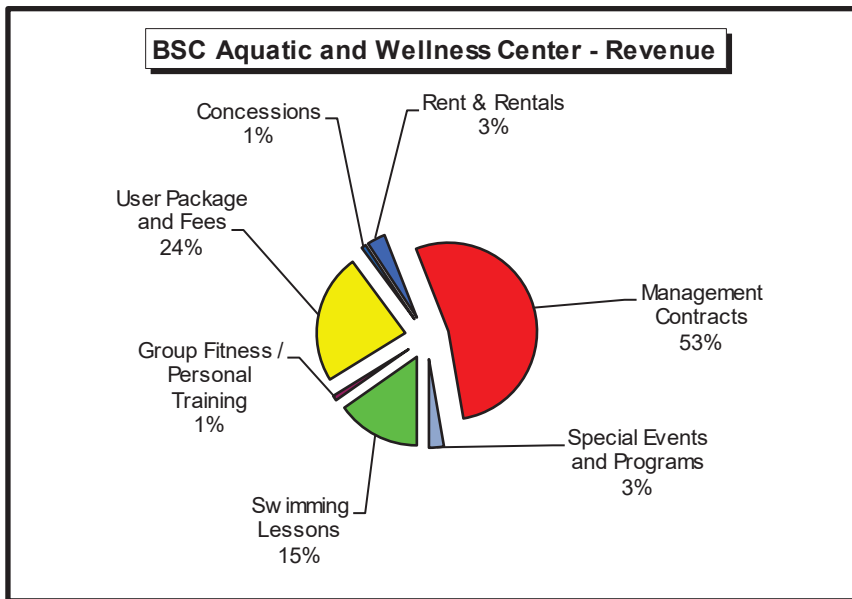
- Monthly membership usage was 35,809 in 2025 compared to 32,313 in 2024.
- There were 11,829 tennis court hours in 2025 compared to 8,935 in 2024.
- 58% of operating costs of Capital Racquet and Fitness Center were covered by non-tax revenue.
- *The following is a graphic presentation of revenue & expenses related to Capital Racquet and Fitness Center:*



**BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025**

BSC Aquatic and Wellness Center

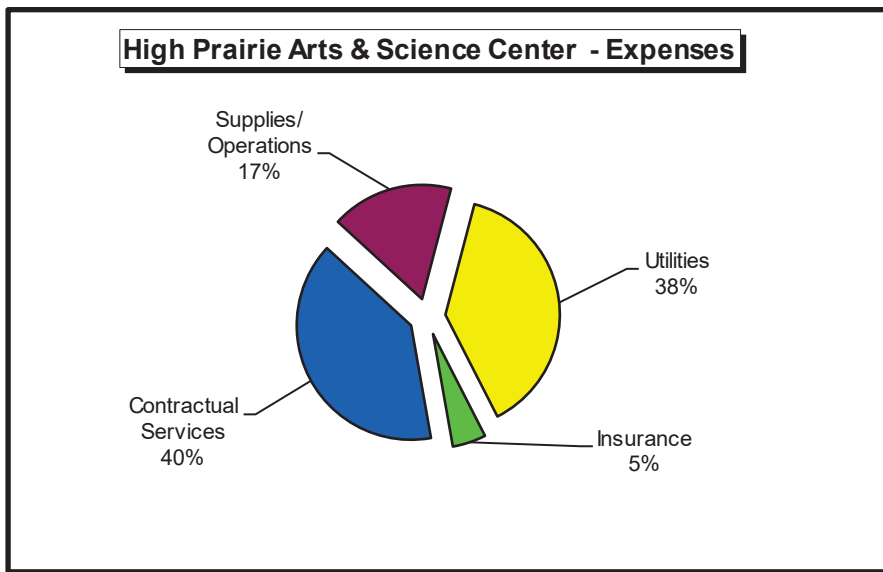
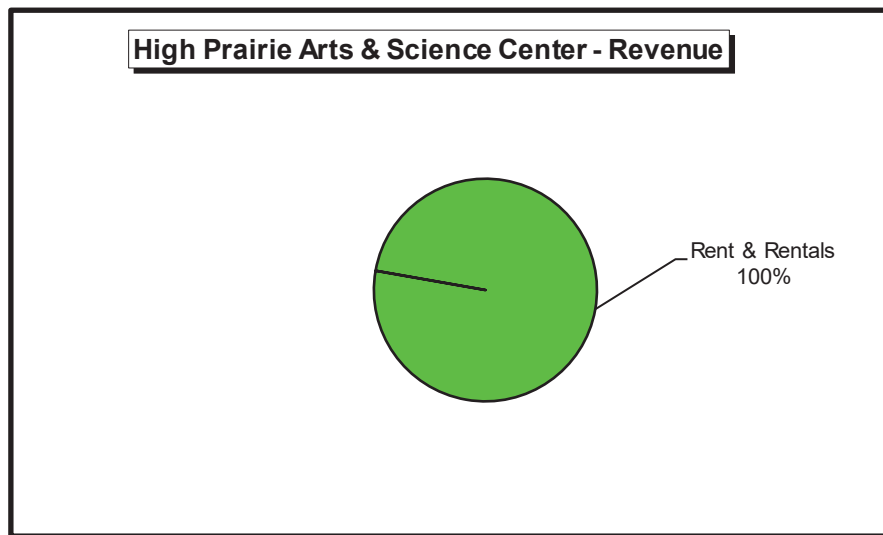
- The number of individuals taking swimming lessons decreased by 239 in 2025 with 1,976 compared to 2,215 in 2024. The number of classes offered is dependent on the number of swim instructors available to teach lessons each session.
- There were 11,592 participants in group exercise during 2025 compared to 10,865 in 2024.
- 64% of operating costs of BSC Aquatic and Wellness Center were covered by non-tax revenue.
- *The following is a graphic presentation of revenue & expenses related to BSC Aquatic and Wellness Center:*



**BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025**

Frances Leach High Prairie Arts & Science Complex

- 46% of operating costs of the Frances Leach High Prairie Arts & Science Complex were covered by non-tax revenue.
- The High Prairie Arts & Science Complex is home to the following BPRD partners: Shade Tree Players/Dakota Stage, Tru North Theater, and Theo Art School.
- *The following is a graphic presentation of revenues and expenses related to the Frances Leach High Prairie Arts & Science Complex:*



BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

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

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

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$84,859,164 at December 31, 2025.

The largest part of the District's net position (84 percent) reflects its investment in capital assets (land, construction in progress, building and building improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

The following is a summary of net position as of December 31, 2025 and 2024:

	Governmental Activities	
	2025	2024
Current and Other Assets	\$ 18,377,341	\$ 13,946,017
Non-Current Assets	99,119,161	102,178,936
Total Assets	<u>117,496,502</u>	<u>116,124,953</u>
 Deferred Outflows of Resources	 <u>2,325,362</u>	 <u>2,018,422</u>
Current Liabilities	5,788,180	5,275,534
Long-Term Liabilities	26,179,220	29,746,463
Total Liabilities	<u>31,967,400</u>	<u>35,021,997</u>
 Deferred Inflows of Resources	 <u>2,995,300</u>	 <u>2,336,185</u>
Net Position:		
Net Investment in Capital Assets	71,382,499	70,940,630
Restricted	2,001,257	2,669,747
Unrestricted	11,475,408	7,174,816
Total Net Position	<u>\$ 84,859,164</u>	<u>\$ 80,785,193</u>

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

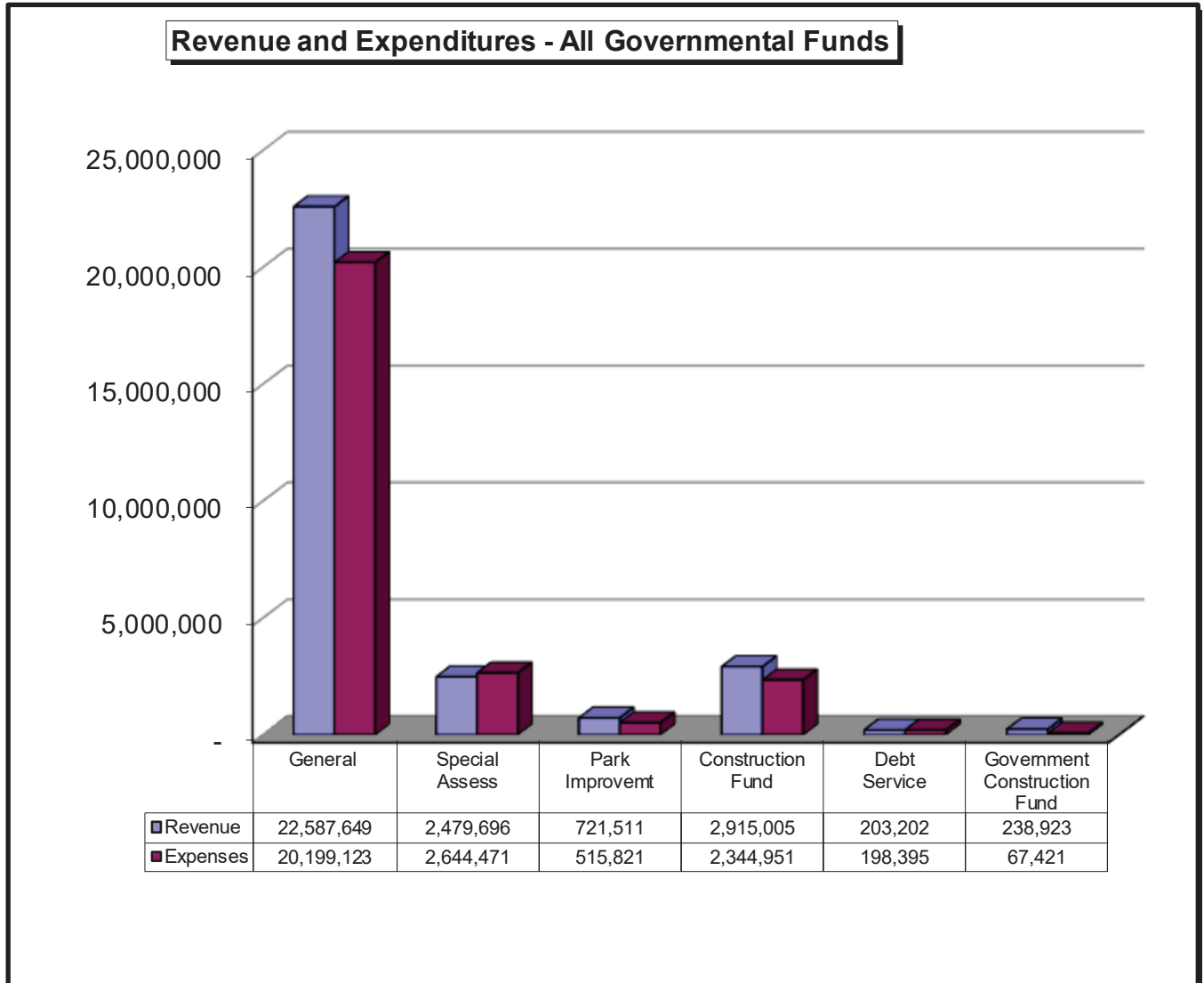
BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

The following is a summary of changes in net position for the years ended December 31, 2025 and 2024

	Governmental Activities	
	2025	2024
<u>Revenues:</u>		
<u>Program Revenues:</u>		
Charges for Services	\$ 7,921,924	\$ 7,503,465
Operating Grants and Contributions	31,174	21,076
Capital Grants and Contributions	805,644	3,994,673
Total Program Revenues	<u>8,758,742</u>	<u>11,519,214</u>
<u>General Revenues:</u>		
Property Tax	15,878,732	15,779,112
Grants and Entitlements not restricted	2,866,081	2,038,832
Investment Earnings	819,430	947,698
Lease	948,782	1,126,616
Gain on sale or disposal of capital assets	663,975	155,725
Miscellaneous	396,137	312,786
Total General Revenues	<u>21,573,137</u>	<u>20,360,769</u>
Total Revenues	<u>30,331,879</u>	<u>31,879,983</u>
<u>Expenses:</u>		
Park District Operations	11,050,545	10,420,430
Facilities / Recreation	14,425,558	13,518,777
Interest on Long-Term Debt	781,805	873,232
Total Expenses	<u>26,257,908</u>	<u>24,812,439</u>
Increase in Net Position	<u>4,073,971</u>	<u>7,067,544</u>
Net Position - January 1	<u>80,785,193</u>	<u>73,717,649</u>
Net Position - December 31	<u>\$ 84,859,164</u>	<u>\$ 80,785,193</u>

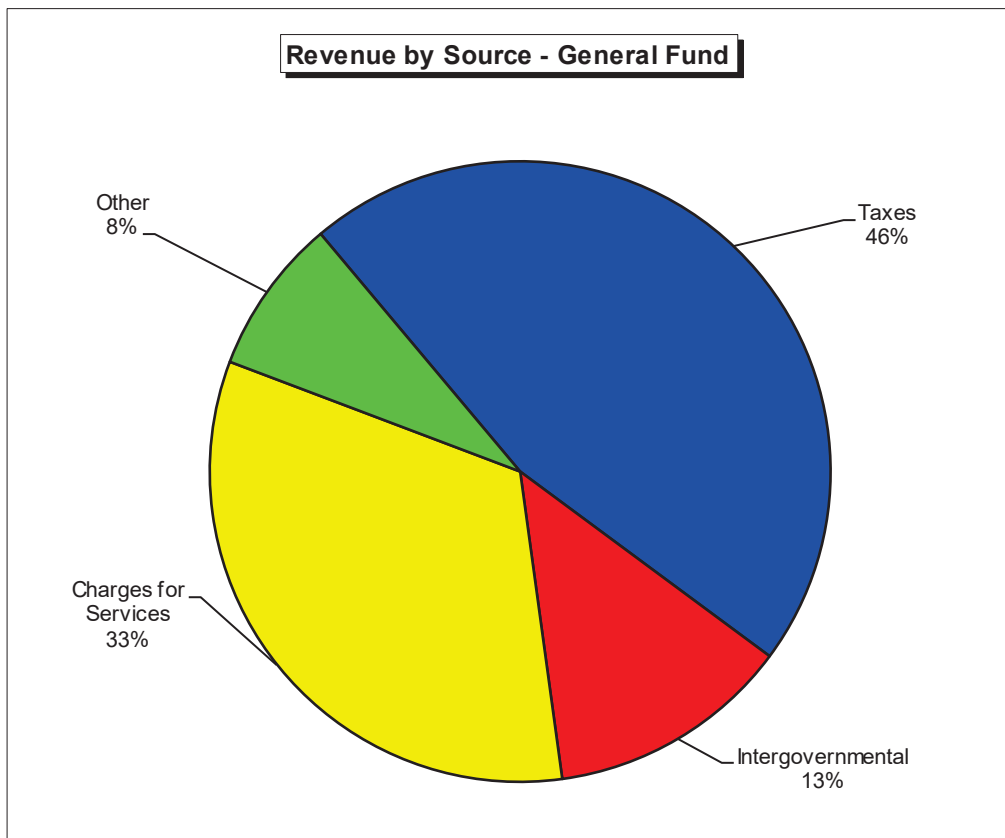
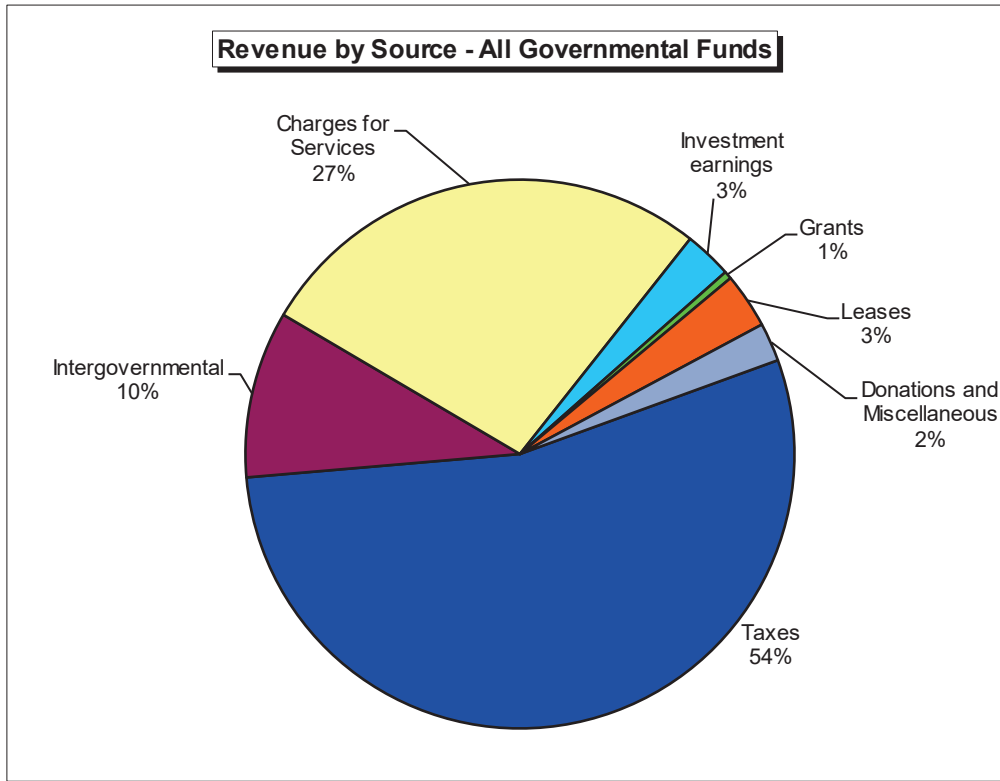
**BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025**

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



**BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025**

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



BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

Financial Analysis of the Government's Funds

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Bismarck Parks and Recreation District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District's governmental funds reported combined ending fund balances of \$16,319,940 – an increase of \$4,020,734 from 2024.

The general fund is the primary operating fund of the Bismarck Parks and Recreation District and reported an ending fund balance of \$8,154,833. During the year, revenues and other sources exceeded expenditures and other uses by \$1,138,916.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's Board of Park Commissioners approved the 2025 annual budget at the September 19, 2024, board meeting. The annual budget addresses funding from other sources as well as detailing how each fund should be expended. The 2025 general fund budget appropriation was \$21,575,300.

During 2025, actual revenues were more than the budgetary estimates by \$1,244,849, approximately 5.8%. The final budget exceeded the actual expenditures by \$1,376,177 or 6.4%. Revenues were more than budgeted amounts due to the higher than anticipated state aid collections and investment earnings. Expenses were less than budgeted amounts primarily due to lower utility costs due to reduced water usage, lower forestry services expenditures, and lower salary and wage expenses due to open and unfilled positions.

Capital Assets

The District's investment in capital assets includes land, construction in progress, building and building improvements, machinery and equipment, and infrastructure. See Note 7 Capital Assets in the notes to the financial statements for more information.

Major capital asset additions during the year were:

- Expand ticket booth, install artificial turf and batters' eye at Municipal Ballpark for \$2,440,353
- Construct South Washington Street shared use path for \$632,514
- Replace videoboard at BSC Aquatic and Wellness Center for \$215,338

BISMARCK PARKS AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2025

A schedule of capital assets, net of depreciation, for the years ended December 31, 2025 and 2024 is as follows:

Asset Type	Governmental Activities	
	2025	2024
Land	\$ 11,138,147	\$ 11,138,147
Construction in progress	391,085	2,199,417
Buildings and improvements	76,096,966	77,398,939
Machinery and equipment	3,653,469	3,720,880
Infrastructure	5,852,268	6,087,504
Leased assets	-	28,719
Subscription Based IT Arrangements	153,748	224,188
Total	<u>\$ 97,285,683</u>	<u>\$ 100,797,794</u>

Long Term Debt

Major long-term debt events during the year were:

- Special Assessments added by the City of Bismarck in the amount of \$160,163.

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

A schedule of long-term liabilities for the years ended December 31, 2025 and 2024 is as follows:

Long-Term Liabilities	Governmental Activities	
	2025	2024
Compensated Absences	\$ 1,043,216	\$ 993,036
Unamortized Bond Premium	944,602	1,021,089
Lease Liability	-	75,343
SBITA Liability	147,044	215,956
Revenue Bonds Payable	8,060,000	9,100,000
General Obligation Bond Payable	9,575,000	10,210,000
Special Assessments Debt	7,176,538	9,234,776
Total	<u>\$ 26,946,400</u>	<u>\$ 30,850,200</u>

Requests for Information

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

BISMARCK PARKS AND RECREATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 12,542,137
Cash and cash equivalents - board designated	1,951,036
Taxes receivable	317,654
Accounts receivable	473,847
Lease receivable	911,078
Interest receivable	8,278
Restricted assets:	
Cash and cash equivalents	<u>2,173,311</u>
Total current assets	<u>18,377,341</u>
Non-current assets:	
Lease receivable, net of current portion	1,833,478
Capital assets (net of accumulated depreciation):	
Land	11,138,147
Construction in progress	391,085
Building and improvements	76,096,966
Machinery and equipment	3,653,469
Infrastructure	5,852,268
SBITA asset, net of accumulated amortization	<u>153,748</u>
Total non-current assets:	<u>99,119,161</u>
Total assets	<u>117,496,502</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflow - pension	<u>2,325,362</u>
LIABILITIES:	
Current liabilities	
Accounts payable	699,584
Accrued expenses	210,676
Unearned revenue	16,181
Interest payable	263,890
SBITA liability, current portion	41,484
Compensated absences, current portion	425,901
Post-retirement benefit obligations, current portion	10,128
Long term debt, current portion	<u>4,120,336</u>
Total current liabilities:	<u>5,788,180</u>
Non-current liabilities:	
Compensated absences, non-current portion	617,315
SBITA liability, net of current portion	105,560
Long term debt, non-current portion	20,691,202
Unamortized bond premium	944,602
Post-retirement benefit obligations	353,456
Net pension liability	<u>3,467,085</u>
Total non-current liabilities:	<u>26,179,220</u>
Total liabilities	<u>31,967,400</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflow - pension	301,017
Deferred inflow - leases	<u>2,694,283</u>
Total deferred inflows of resources	<u>2,995,300</u>
NET POSITION:	
Net investment in capital assets	71,382,499
Restricted:	
Debt Service	1,352,708
Construction	41,345
Special Assessments	607,204
Unrestricted	<u>11,475,408</u>
Total net position	<u>\$ 84,859,164</u>

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:				
District operations	\$ 11,050,545	\$ -	\$ 31,174	\$ (11,019,371)
Facilities / recreation	14,425,558	7,921,924	948,782	(4,749,208)
Interest on long-term debt	781,805	-	-	(781,805)
Total Governmental Activities	<u>\$ 26,257,908</u>	<u>\$ 7,921,924</u>	<u>\$ 979,956</u>	<u>\$ 805,644</u>
General Revenues				
Property taxes				15,878,732
Intergovernmental				2,866,081
Investment earnings				819,430
Gain on disposal of assets				663,975
Miscellaneous				396,137
Total general revenues				<u>20,624,355</u>
Change in net position				4,073,971
Net position - beginning of year				<u>80,785,193</u>
Net position - end of year				<u>\$ 84,859,164</u>

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Special Assessment Fund	Park Improvement Fund	Construction Fund	Debt Service Fund	Governmental Construction Fund	Total
Assets:							
Cash and cash equivalents	\$ 8,103,375	\$ -	\$ 2,362,302	\$ 1,520,471	\$ -	\$ 555,989	\$ 12,542,137
Cash and cash equivalents - board designated	300,000	-	1,568,950	82,086	-	-	1,951,036
Cash and cash equivalents - restricted	-	716,360	-	-	1,456,951	-	2,173,311
Taxes receivable	218,561	46,510	-	48,602	3,981	-	317,654
Accounts receivable	425,132	-	2,278	18,952	-	27,485	473,847
Lease receivable	2,460,775	-	283,781	-	-	-	2,744,556
Interest receivable	7,815	-	463	-	-	-	8,278
Total assets	<u>\$ 11,515,658</u>	<u>\$ 762,870</u>	<u>\$ 4,217,774</u>	<u>\$ 1,670,111</u>	<u>\$ 1,460,932</u>	<u>\$ 583,474</u>	<u>\$ 20,210,819</u>
Liabilities:							
Accounts payable	\$ 528,195	\$ -	\$ 635	\$ 170,754	\$ -	\$ -	\$ 699,584
Accrued expenses	210,676	-	-	-	-	-	210,676
Unearned revenue	16,181	-	-	-	-	-	16,181
Total liabilities	<u>755,052</u>	<u>-</u>	<u>635</u>	<u>170,754</u>	<u>-</u>	<u>-</u>	<u>926,441</u>
Deferred inflows of resources:							
Leases	2,419,948	-	274,335	-	-	-	2,694,283
Delinquent property taxes	185,825	39,595	-	41,345	3,390	-	270,155
Total deferred inflows of resources	<u>2,605,773</u>	<u>39,595</u>	<u>274,335</u>	<u>41,345</u>	<u>3,390</u>	<u>-</u>	<u>2,964,438</u>
Fund balances:							
Restricted	-	723,275	-	-	1,457,542	-	2,180,817
Committed	300,000	-	1,568,950	82,086	-	-	1,951,036
Assigned	-	-	2,373,854	1,520,474	-	583,474	4,477,802
Unassigned	7,854,833	-	-	(144,548)	-	-	7,710,285
Total fund balances	<u>8,154,833</u>	<u>723,275</u>	<u>3,942,804</u>	<u>1,458,012</u>	<u>1,457,542</u>	<u>583,474</u>	<u>16,319,940</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,515,658</u>	<u>\$ 762,870</u>	<u>\$ 4,217,774</u>	<u>\$ 1,670,111</u>	<u>\$ 1,460,932</u>	<u>\$ 583,474</u>	<u>\$ 20,210,819</u>

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Governmental Funds Balance		\$ 16,319,940
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.		97,285,683
Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources or are not recognized in the funds.		
Delinquent property taxes		270,155
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.		2,325,362
Long-term liabilities not due and payable in the current period and therefore are not included in the funds:		
Compensated absences	(1,043,216)	
SBITA liability	(147,044)	
Post-retirement benefit obligations	(363,584)	
Accrued interest on long-term liabilities	(263,890)	
Long term debt	(24,811,538)	
Unamortized bond premium	(944,602)	
Net pension liability	<u>(3,467,085)</u>	
Total		(31,040,959)
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.		<u>(301,017)</u>
Net position of governmental activities		<u><u>\$ 84,859,164</u></u>

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General	Special Assessment Fund	Park Improvement Fund	Construction Fund	Debt Service Fund	Government Construction Fund	Total
Revenues:							
Taxes	\$ 10,448,060	\$ 2,429,696	\$ -	\$ 2,530,374	\$ 203,202	\$ 184,308	\$ 15,795,640
Intergovernmental	2,866,081	-	-	-	-	-	2,866,081
Charges for services	7,436,700	-	485,224	-	-	-	7,921,924
Investment earnings	597,460	-	97,088	97,752	-	27,130	819,430
Grants	30,502	-	-	102,717	-	-	133,219
Leases	910,314	-	38,468	-	-	-	948,782
Donations	672	-	100,731	184,162	-	-	285,565
Miscellaneous	297,860	50,000	-	-	-	27,485	375,345
Total revenues	<u>22,587,649</u>	<u>2,479,696</u>	<u>721,511</u>	<u>2,915,005</u>	<u>203,202</u>	<u>238,923</u>	<u>29,145,986</u>
Expenditures:							
Current:							
General government	2,370,738	-	-	616,629	-	-	2,987,367
General maintenance	3,786,871	-	91,843	-	-	50,485	3,929,199
Golf	2,444,509	-	-	-	-	-	2,444,509
Capital Racquet Fitness Center	592,666	-	-	-	-	-	592,666
Aquatic Wellness Center	1,516,868	-	-	-	-	-	1,516,868
Pools	756,274	-	-	-	-	-	756,274
Ice arenas	1,672,842	-	-	-	-	-	1,672,842
Forestry	308,633	-	-	-	-	-	308,633
Memorial Building	263,936	-	-	-	-	-	263,936
Sibley Park	379,349	-	-	-	-	-	379,349
County parks	134,906	-	-	-	-	-	134,906
McDowell Dam	287,092	-	-	-	-	-	287,092
High Prairie Arts and Science Complex	102,048	-	-	-	-	-	102,048
Other recreational activities	2,834,425	-	-	-	-	-	2,834,425
Capital outlay	440,735	160,163	423,978	1,431,303	-	-	2,456,179
Capital outlay less than \$5,000	348,801	9,011	-	-	-	16,936	374,748
Debt service:							
Principal retirement	1,363,912	2,218,401	-	275,343	180,000	-	4,037,656
Interest and fiscal charges	594,518	256,896	-	21,676	18,395	-	891,485
Total expenditures	<u>20,199,123</u>	<u>2,644,471</u>	<u>515,821</u>	<u>2,344,951</u>	<u>198,395</u>	<u>67,421</u>	<u>25,970,182</u>
Excess of revenues over (under) expenditures	<u>2,388,526</u>	<u>(164,775)</u>	<u>205,690</u>	<u>570,054</u>	<u>4,807</u>	<u>171,502</u>	<u>3,175,804</u>
Other financing sources (uses):							
Proceeds from special assessments debt	-	160,163	-	-	-	-	160,163
Proceeds from insurance	20,790	-	-	-	-	-	20,790
Proceeds from sale of capital assets	-	225,377	438,600	-	-	-	663,977
Transfers in	220,000	-	1,490,400	-	-	-	1,710,400
Transfers out	(1,490,400)	(125,000)	-	(50,000)	-	(45,000)	(1,710,400)
Total other financing sources (uses)	<u>(1,249,610)</u>	<u>260,540</u>	<u>1,929,000</u>	<u>(50,000)</u>	<u>-</u>	<u>(45,000)</u>	<u>844,930</u>
Net change in fund balances	1,138,916	95,765	2,134,690	520,054	4,807	126,502	4,020,734
Fund balance - January 1	7,015,917	627,510	1,808,114	937,958	1,452,735	456,972	12,299,206
Fund balance - December 31	<u>\$ 8,154,833</u>	<u>\$ 723,275</u>	<u>\$ 3,942,804</u>	<u>\$ 1,458,012</u>	<u>\$ 1,457,542</u>	<u>\$ 583,474</u>	<u>\$ 16,319,940</u>

See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balance - Total Governmental Funds \$ 4,020,734

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	2,456,179
Current year depreciation	(6,287,168)
Current year amortization	<u>(99,159)</u>

Total	(3,930,148)
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Governmental funds do not report donated capital assets as expenditures or revenue.
However, in the statement of activities, donations of capital assets are recorded as
donation revenue.

418,037

Based on receipt dates, some revenues are not considered available revenue and are
unavailable in the governmental funds.

Net change in taxes receivable	83,091
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Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of premium/discount on bond issues	76,487
Net change in post-retirement obligations	(44,773)
Net change in compensated absences	(50,180)
Net change in interest payable	33,195
Net change in net pension liability	<u>(768,989)</u>

Total	(754,260)
-------	-----------

Changes in deferred inflows and outflows relating to net pension liability	359,024
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Special assessment proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term
liabilities in the statement of net position.

(160,163)

Repayment of principal on long-term debt consumes the current financial resources of
the governmental funds. However, there is no effect on net position. The following
are principal payments on long-term debt during the year ended December 31, 2025

Principal payment on bonds payable, special assessments and lease liability	<u>4,037,656</u>
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Change in net position	<u><u>\$ 4,073,971</u></u>
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See Notes to the Financial Statements

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

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

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

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

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurements focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

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

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

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

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

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

The government construction fund is used to account for capital projects.

The government construction and debt service funds are not required to be shown as major funds, but the Park District has elected to show as such due to the minimal number of funds in total.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Governmental Fund Types

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable is outstanding for more than 30 days. There is no allowance for doubtful accounts receivable as of December 31, 2025, as management considers all receivables collectible.

Taxes Receivable

The taxes receivables consist of uncollected and collected but not remitted, property taxes as of December 31, 2025 for both current and prior years.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7-25
Machinery and equipment	5-10
Infrastructure	25

Leases

Lessee

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

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

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

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Lessor

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

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

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

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

- In absence of an incremental borrowing rate, the District uses its estimated incremental borrowing rate as the discount rate for leases. The District has decided to use discount rates provided by the City of Bismarck for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

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

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.

Post-Retirement Benefit Obligations

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

Long-Term Obligations

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Net Position

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

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

Fund Balance Classifications

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

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

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

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

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Deferred Outflows / Inflows of Resources

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

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

Interfund Transactions

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

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

Pension

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

Revenue Recognition - Property Taxes

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

Grant Revenue Recognition

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

Use of Estimates

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

NOTE 2 DEPOSITS

Custodial Credit Risk

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

The District maintains cash on deposit at various financial institutions. The amounts on deposit are insured by the FDIC up to \$250,000 per financial institution. At December 31, 2025, none of the District's deposits were exposed to custodial credit risk, as all deposits were covered by FDIC coverage.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

NOTE 3 BOARD DESIGNATIONS OF CASH, CASH EQUIVALENTS AND INVESTMENTS

General Fund

A reserve of \$300,000 was approved by the board for golf dome replacement.

Park Improvement Fund and Construction Fund

The park improvement and constructions funds are used to account for the District's expenditures for major capital acquisitions and park improvements. The outstanding balances at December 31, 2025 were \$1,568,950 and \$82,086, respectively.

NOTE 4 RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Special Assessment Fund

The special assessment fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for District wide improvements. The outstanding balance at December 31, 2025 was \$716,360.

Debt Service Fund

The October 1, 2020 Park District Revenue Bonds require a Reserve Fund Deposit. Withdrawals from the Reserve Fund Deposit may be only for the payment of the principal and interest of the bonds. The outstanding balance at December 31, 2025 was \$1,456,951.

NOTE 5 INVESTMENTS

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

As of December 31, 2025, investments consist of money market mutual funds.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

NOTE 6 LEASES

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

Following is the total lease-related revenue for the year ended December 31, 2025:

Lease Revenue	
Office Space	\$ 31,719
Building	917,063
Total Lease Revenue	948,782
Interest Revenue	39,437
Total	\$ 988,219

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

For the Year Ending December 31,	Principal	Interest	Total Receipts
2026	\$ 911,078	\$ 49,620	\$ 960,698
2027	645,633	23,034	668,667
2028	192,893	14,542	207,435
2029	168,708	11,498	180,206
2030	163,404	8,802	172,206
2031 - 2035	605,432	19,814	625,246
2036 - 2040	55,618	607	56,225
2041 - 2045	1,790	11	1,801
Total	\$ 2,744,556	\$ 127,928	\$ 2,872,484

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

NOTE 7 CAPITAL ASSETS

The following schedule is a summary of the capital asset activity for the year ended December 31, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,138,147	\$ -	\$ -	\$ 11,138,147
Construction in progress	2,199,417	360,742	(2,169,074)	391,085
Total capital assets not being depreciated	<u>13,337,564</u>	<u>360,742</u>	<u>(2,169,074)</u>	<u>11,529,232</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	133,323,226	3,755,061	-	137,078,287
Machinery and equipment	11,506,537	767,323	(23,272)	12,250,588
Infrastructure	9,966,881	160,164	-	10,127,045
Leased building	287,180	-	(287,180)	-
Subscription Based IT Arrangements	325,359	-	-	325,359
Total capital assets being depreciated/amortized	<u>155,409,183</u>	<u>4,682,548</u>	<u>(310,452)</u>	<u>159,781,279</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	55,924,287	5,057,034	-	60,981,321
Machinery and equipment	7,785,657	834,734	(23,272)	8,597,119
Infrastructure	3,879,377	395,400	-	4,274,777
Leased building	258,461	28,719	(287,180)	-
Subscription Based IT Arrangements	101,171	70,440	-	171,611
Total accumulated depreciation/amortization	<u>67,948,953</u>	<u>6,386,327</u>	<u>(310,452)</u>	<u>74,024,828</u>
Total capital assets being depreciated/amortized, net	<u>87,460,230</u>	<u>(1,703,779)</u>	<u>-</u>	<u>85,756,451</u>
Governmental capital assets, net	<u>\$ 100,797,794</u>	<u>\$ (1,343,037)</u>	<u>\$ (2,169,074)</u>	<u>\$ 97,285,683</u>

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

Governmental Activities:	
Park Operations	\$2,932,748
Facilities / Recreation	3,453,579
Total depreciation and amortization expense - Governmental Activities	<u>\$6,386,327</u>

The District leased one building which ended with the final rent payment of \$77,518 in May 2025.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Following is the total lease expense for the year ended December 31, 2025:

Amortization expense by class of underlying asset	
Building	\$ 28,719
Total amortization expense	28,719
Interest on lease liabilities	733
Total	\$ 29,452

The District entered into multiple subscription-based information technology arrangements (SBITA) for the usage of equipment and software programs from multiple different entities.

Following is the total SBITA expenses for the year ended December 31, 2025:

Amortization expense by class of underlying asset	
SBITA	\$ 70,440
Total amortization expense	70,440
Interest on SBITA liabilities	6,830
Total	\$ 77,270

NOTE 8 LONG-TERM DEBT

Debt Outstanding

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

	<u>Outstanding</u> <u>12/31/25</u>
Revenue Bonds Payable:	
\$8,355,000 bonds dated October 1, 2019 to refund bonds that were previously taken out to acquire and improve the BSC Aquatic & Wellness Center. The bonds are payable in variable annual principal and semi-annual interest payments at 2.25% to 3.00% through April 1, 2033. Payments are to be made from the Debt Service Fund.	\$ 4,990,000
\$5,915,000 bonds dated October 1, 2020 to refund bonds that were taken out to finance the Schaumburg Ice Arena Project. The bonds are payable in variable annual principal and semi-annual interest payments at 0.30% to 2.00% through April 1, 2030. Payments are to be made from the Debt Service Fund.	<u>3,070,000</u>
	<u>\$ 8,060,000</u>
General Obligation Bonds Payable	
\$1,875,000 bonds dated July 1, 2021 to finance the cost of constructing park improvements. The bonds are payable in variable annual principal and interest payments at 1.00% to 2.00% through May 1, 2031. Payments are to be made from the Capital Projects Fund.	\$ 1,165,000
\$9,230,000 bonds dated March 1, 2023 to finance the cost of constructing park improvements. The bonds are payable in variable annual principal and interest payments at 4.00% to 5.00% through May 1, 2038. Payments are to be made from the Capital Projects Fund.	<u>8,410,000</u>
	<u>\$ 9,575,000</u>

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Special Assessments Debt:

The special assessments are dated from 2011 through 2025. The maturity varies per issue but extends through 2036. The interest rates are from 2.17% to 5.07%. Payments are to be made from the Special Assessment Fund.	\$ 4,036,538
\$750,000 bonds dated September 15, 2011 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 1.15% to 3.25% through May 1, 2026. The bonds are callable on May 1, 2017 and any date thereafter, in inverse order at par plus accrued interest. Payments are to be made from the Special Assessment Fund.	65,000
\$2,700,000 bonds dated October 1, 2012 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 0.55% to 2.75% through May 1, 2027. Payments are to be made from the Special Assessment Fund.	405,000
\$3,500,000 bonds dated October 1, 2014 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 0.40% to 2.50% through May 1, 2026. Payments are to be made from the Special Assessment Fund.	340,000
\$1,600,000 bonds dated February 1, 2017 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 0.90% to 2.25% through May 1, 2026. Payments are to be made from the Special Assessment Fund.	180,000
\$1,690,000 bonds dated June 15, 2018 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 1.85% to 2.70% through May 1, 2028. Payments are to be made from the Special Assessment Fund.	555,000
\$3,015,000 bonds dated July 1, 2019 to finance park improvements. The bonds are payable in variable annual principal and semi-annual interest payments at 2.00% to 4.00% through May 1, 2031. Payments are to be made from the Special Assessment Fund.	<u>1,595,000</u>
	<u>\$ 7,176,538</u>

Changes in Long-Term Liabilities

During the year ended December 31, 2025, the following changes occurred in liabilities reported in the Statement of Net Position:

	Balance - January 1	Additions	Reductions	Balance - December 31	Due Within One Year
Compensated Absences	\$ 993,036	\$ 50,180 *	\$ -	\$ 1,043,216	\$ 425,901
Unamortized Bond Premium	1,021,089	-	76,487	944,602	-
Lease Liability	75,343	-	75,343	-	-
SBITA Liability	215,956	-	68,912	147,044	41,484
Bonds and notes payable					
Revenue Bonds Payable	9,100,000	-	1,040,000	8,060,000	1,065,000
General Obligation Bond Payable	10,210,000	-	635,000	9,575,000	665,000
Special Assessments Debt	9,234,776	160,163	2,218,401	7,176,538	2,390,336
Total bonds and notes payable	28,544,776	160,163	3,893,401	24,811,538	4,120,336
Total long-term liabilities	\$ 30,850,200	\$ 210,343	\$ 4,114,143	\$ 26,946,400	\$ 4,587,721

* The change in compensated absences liability is presented as a net change.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Debt Service Requirements

Annual requirements to amortize outstanding debt at December 31, 2025 are as follows:

	<u>Revenue Bonds Payable</u>		<u>General Obligation Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,065,000	\$ 181,038	\$ 665,000	\$ 391,795
2027	1,085,000	154,738	690,000	363,545
2028	1,110,000	127,888	720,000	335,045
2029	1,140,000	100,338	750,000	305,998
2030	1,165,000	72,088	780,000	275,350
2031 - 2035	2,495,000	107,356	3,565,000	885,875
2036 - 2040	<u>-</u>	<u>-</u>	<u>2,405,000</u>	<u>146,900</u>
Totals	<u>\$ 8,060,000</u>	<u>\$ 743,446</u>	<u>\$ 9,575,000</u>	<u>\$ 2,704,508</u>

	<u>Special Assessments</u>		<u>SBITA Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,390,336	\$ 331,724	\$ 41,484	\$ 4,788
2027	1,176,269	144,991	39,956	3,244
2028	922,893	112,076	35,237	1,819
2029	667,142	85,936	30,367	513
2030	628,625	64,981	-	-
2031 - 2035	1,293,780	122,131	-	-
2036 - 2040	<u>97,493</u>	<u>6,228</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,176,538</u>	<u>\$ 868,067</u>	<u>\$ 147,044</u>	<u>\$ 10,364</u>

	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,161,820	\$ 909,345
2027	2,991,225	666,518
2028	2,788,130	576,828
2029	2,587,509	492,785
2030	2,573,625	412,419
2031 - 2035	7,353,780	1,115,362
2036 - 2040	<u>2,502,493</u>	<u>153,128</u>
	<u>\$ 24,958,582</u>	<u>\$ 4,326,385</u>

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

NOTE 9 CHARGES FOR SERVICES

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

Golf	\$ 2,350,356
BLAST and Activity Centers	1,212,715
Aquatic Center	761,602
Adult Programs	590,268
Ice Arenas	293,229
Capital Racquet Fitness Center	347,634
Youth Programs	258,660
Sibley Park	431,868
County Parks	134,906
Pools	251,024
McDowell Dam	429,657
Other Recreational Activities	339,691
High Prairie Arts and Science Complex	24,507
World War Memorial Building	10,583
Park Improvement Fees	485,224
Total charges for services	<u><u>\$ 7,921,924</u></u>

NOTE 10 PUBLIC RISK POOL

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

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

The current policy has various deductibles. The NDIRF was established during 1986 to assist state agencies and political subdivisions within the State of North Dakota in obtaining liability insurance at reasonable rates. Each participating entity is entitled to one vote per \$1,000 of annual fund contribution, provided that each entity receives at least one vote and all fractions are rounded to the nearest whole vote. The NDIRF is governed by a 9-member board of directors that is elected by the participants in such a manner to ensure a cross-section from the various types of participating entities. Currently there are approximately 2,000 participating entities. To establish the fund, each entity was required to purchase a surplus note. The note matured during 1991. The District receives conferment of benefits towards its insurance premiums as payment on the surplus note.

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

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

NOTE 11 TRANSFERS

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

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

The following is a list of transfers for the year ended December 31, 2025:

	Transfer To:				Total Transfer From
	General Fund	Park Improvement Fund	Construction Fund	Debt Service	
<u>Transfer from:</u>					
General Fund	\$ -	\$ 1,490,400	\$ -	\$ -	\$ 1,490,400
Special Assessment Fund	125,000	-	-	-	125,000
Construction Fund	50,000	-	-	-	50,000
Government Construction Fund	45,000	-	-	-	45,000
Total Transfer To	<u>\$220,000</u>	<u>\$ 1,490,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,710,400</u>

The above transfers into the general fund were made to cover administrative fees of bond issues, dome replacement and riverfront maintenance and repairs. The above transfers into the Park Improvement Fund were to fund the Wachter pool mechanical mechanism upgrade, Sibley RV electrical upgrades and Park Operation expenses.

NOTE 12 FUND BALANCES

At December 31, 2025, a summary of the governmental fund balance classifications are as follows:

	General Fund	Special Assessment Fund	Park Improvement Fund	Construction Fund	Debt Service Fund	Government Construction Fund	Total
Restricted for:							
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 1,457,542	\$ -	\$ 1,457,542
Special Assessments	-	723,275	-	-	-	-	723,275
Committed to:							
Capital Projects	-	-	1,568,950	82,086	-	-	1,651,036
Golf Dome Roof Replacement	300,000	-	-	-	-	-	300,000
Assigned to:							
Capital Projects	-	-	2,373,854	1,520,474	-	583,474	4,477,802
Unassigned	7,854,833	-	-	(144,548)	-	-	7,710,285
	<u>\$ 8,154,833</u>	<u>\$ 723,275</u>	<u>\$ 3,942,804</u>	<u>\$ 1,458,012</u>	<u>\$ 1,457,542</u>	<u>\$ 583,474</u>	<u>\$ 16,319,940</u>

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

NOTE 13 BISMARCK CITY EMPLOYEE PENSION PLAN (BCEPP)

Plan Description

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

Plan Membership

Employees begin participation at the first day of employment with a vesting period of five years. As of December 31, 2024, the City Employees' Pension Plan membership was as follows:

Retirees and beneficiaries receiving benefits	317
Terminated employees – vested	96
Active employees	<u>498</u>
Total members	<u>911</u>

Plan Administration

The BCEPP plan is managed by the Board of Trustees which consists of the City Administrator and all department heads, except for the Chief of Police. The City administers the pension plan and related investments.

Benefits Provided

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

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

Contributions

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

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

Investments

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

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

The BCEPP Board of Trustee's adopted a long-term investment horizon and asset allocation policy for the management of the fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of January 1, 2025:

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Asset Class	Target Allocation
Large domestic equity	24%
Small domestic equity	2%
Developed international equity	12%
Emerging international equity	3%
Private equity	6%
Domestic fixed income	35%
Real estate	10%
Infrastructure	7%
Timber	1%
	100%

Long-term Expected Return on Plan Assets

The long-term expected rate of return of 7.25% on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates to return by the target asset allocation percentage.

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

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Actuarial Assumptions

Valuation date	January 1, 2025
Actuarial cost method	Entry Age Normal
Amortization method	Straight-Line Amortization Over Remaining Service Lives Period-Closed
Mortality rate	Based on PubG-2010 Mortality Tables Projected with Scale MP-2021 Fair Value
Asset valuation method	Fair Value
Valuation Method:	
Inflation rate	2.50%
Investment rate of return	7.25%
Projected salary increases:	
All active participants	3.25%
Post retirement cost of living adjustments	None

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

The net pension liability of the BCEPP is calculated at a discount rate of 7.25 percent, as well as what the BCEPP net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.25 percent) or 1 percent higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share share of the net pension liability (asset)	<u>\$ 6,091,956</u>	<u>\$ 3,467,085</u>	<u>\$ 1,273,117</u>

Proportionate Share of the Net Pension Liability

The District's portion of the net pension liability (asset) for the BCEPP was recorded at \$3,467,085 as of December 31, 2025. The calculation was determined by an actuarial valuation based on the present value of future payroll. The District's proportionate share was 13.55%, which is a decrease of 0.39% from the District's proportionate share as of December 31, 2024.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

Deferred Inflows and Outflows of Resources

The District recognized pension expense of \$922,647 during the year ended December 31, 2025. Deferred inflows and outflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 821,738	\$ (186,632)
Changes in assumptions	394,407	(4,749)
Net difference between projected and actual earnings on pension plan investments	631,529	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,195	(109,636)
Employer contributions subsequent to measurement date	<u>463,493</u>	<u>-</u>
Total	<u><u>\$2,325,362</u></u>	<u><u>\$ (301,017)</u></u>

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$463,493 will be recognized as a reduction of the net pension liability(asset) in the year ending December 31, 2026.

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:	
2026	\$ 466,307
2027	703,020
2028	74,146
2029	143,533
2030	102,820
Thereafter	71,026

Pension Plan Fiduciary Net Position

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

NOTE 14 OTHER POST-EMPLOYMENT BENEFIT PLAN

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

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

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

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

Membership in the plan for early retirement as of December 31, 2025 is as follows:

Retirees and beneficiaries receiving benefits	-
Active employees:	
Vested	-
Non-vested	31

Membership in the plan for health insurance as of December 31, 2025 is as follows:

Retirees and beneficiaries receiving benefits	-
Active employees:	
Vested	-
Non-vested	34

As there are fewer than 100 plan members, the District has elected to use the alternative measurement method. The District has made assumptions on expected beginning date of benefits, turnover (46.90%), and healthcare cost (4.5%) based on historical results the District has experienced. Marital status is assumed to be the same as the employee's current status when projecting the liability. The District has used a discount rate of 2% for early retirement benefits and 2.5% for health insurance benefits to arrive at a present value of the other post-employment benefit liability, which is \$363,584 as of December 31, 2025.

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

OPEB Liability		
Service cost	\$	(2,008)
Benefit paid		<u>-</u>
Net Change in Total OPEB Liability		<u>(2,008)</u>
OPEB Liability - Beginning		<u>106,478</u>
OPEB Liability - Ending	\$	<u><u>104,470</u></u>
Covered Payroll		\$2,449,835
District's Total OPEB Liability as a % of Covered Payroll		4.26%
Health Insurance Benefits		
OPEB Liability		
Service cost	\$	51,845
Benefit paid		<u>(5,064)</u>
Net Change in Total OPEB Liability		<u>46,781</u>
OPEB Liability - Beginning		<u>212,333</u>
OPEB Liability - Ending	\$	<u><u>259,114</u></u>

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

	1% Decrease <u>1.00%</u>	Current Discount Rate <u>2.00%</u>	1% Increase <u>3.00%</u>
Net OPEB liability for early retirement benefits	<u>\$ 116,585</u>	<u>\$ 104,470</u>	<u>\$ 94,349</u>

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

	1% Decrease <u>1.50%</u>	Current Discount Rate <u>2.50%</u>	1% Increase <u>3.50%</u>
Net OPEB liability for health insurance benefits	<u>\$ 266,550</u>	<u>\$ 259,114</u>	<u>\$ 252,996</u>

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

	1% Decrease 3.50%	Current Health Insurance Rate 4.50%	1% Increase 5.50%
Net OPEB liability for health insurance benefits	\$ 232,587	\$ 259,114	\$ 290,396

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

	1% Decrease 3.50%	Current Health Insurance Rate 4.50%	1% Increase 5.50%
Net OPEB liability for early retirement benefits	\$ 95,254	\$ 104,470	\$ 115,184

NOTE 15 COMMITMENTS

As of December 31, 2025, the District has the following outstanding commitments for on-going capital projects.

Sibley RV Electrical Upgrades (Phase II)	\$	142,400
Schaumburg Refrigeration		320,887
SibleyRoad (SRF)		850,915
Other miscellaneous capital projects		320,076
Total commitments	\$	1,634,278

Subsequent to year end, the District entered into additional contracts for capital projects of \$4,058,050.

NOTE 16 TAX ABATEMENTS

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

As of December 31, 2025, the Renaissance Zone Property Tax Exemptions under North Dakota Century Code 40-63, is for Commercial and Residential buildings located within the renaissance

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

zone that allow for the property to be excluded for up to five years, provided the City approves the exemption. A renaissance zone is a geographical area that the City applies to the State Department of Commerce to designate a portion of the City into a renaissance zone.

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

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

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

The amount of taxes abated for the year ended December 31, 2025 for the District was as follows:

Renaissance Zone Exemption - Commercial	\$66,045
Renaissance Zone Exemption - Residential	800
	\$66,845

NOTE 17 NEW ACCOUNTING PRONOUNCEMENTS

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

BISMARCK PARKS AND RECREATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025

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

GASB Statement No. 105, *Subsequent Events*, defines subsequent events as transactions or other events occurring after the financial statement date but before the statements are available for issuance. Financial statements are considered available for issuance when they are complete in accordance with generally accepted accounting principles and have received all required approvals. The Statement also requires disclosure of the date through which subsequent events were evaluated and clarifies the distinction between recognized and nonrecognized subsequent events, including related note disclosure requirements. This statement is effective for fiscal years beginning after June 15, 2026. Earlier application is encouraged.

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

NOTE 18 CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the District as of December 31, 2025.

NOTE 19 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through May 5, 2026, which is the date these financial statements were available to be issued.

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original / Final Budget	Actual	Variance
Revenues:			
Taxes	\$ 11,332,000	\$ 10,448,060	\$ (883,940)
Intergovernmental	1,476,100	2,866,081	1,389,981
Charges for services	7,970,500	7,436,700	(533,800)
Investment earnings (loss)	75,000	597,460	522,460
Grants	53,500	30,502	(22,998)
Leases	-	910,314	910,314
Donations	5,700	672	(5,028)
Miscellaneous	430,000	297,860	(132,140)
Total revenues	<u>21,342,800</u>	<u>22,587,649</u>	<u>1,244,849</u>
Expenditures:			
Current:			
General government	2,920,525	2,370,738	549,787
General maintenance	4,177,075	3,786,871	390,204
Golf	2,615,750	2,444,509	171,241
Capital Racquet Fitness Center	600,850	592,666	8,184
Aquatic Wellness Center	1,485,050	1,516,868	(31,818)
Pools	1,100,350	756,274	344,076
Ice arenas	1,067,650	1,672,842	(605,192)
Forestry	479,000	308,633	170,367
Memorial Building	242,200	263,936	(21,736)
Sibley Park	381,200	379,349	1,851
County parks	224,800	134,906	89,894
McDowell Dam	270,700	287,092	(16,392)
High Prairie Arts and Science Complex	119,075	102,048	17,027
Other recreational activities	3,000,250	2,834,425	165,825
Capital outlay	250,000	440,735	(190,735)
Capital outlay less than \$5,000	750,600	348,801	401,799
Debt service:			
Principal retirement	1,297,500	1,363,912	(66,412)
Interest and fiscal charges	592,725	594,518	(1,793)
Total expenditures	<u>21,575,300</u>	<u>20,199,123</u>	<u>1,376,177</u>
Excess of revenues under expenditures	(232,500)	2,388,526	2,621,026
Other financing sources (uses):			
Proceeds from insurance	12,500	20,790	8,290
Transfers in/out	220,000	(1,270,400)	1,490,400
Total other financing sources (uses)	<u>232,500</u>	<u>(1,249,610)</u>	<u>1,498,690</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	1,138,916	<u>\$ 4,119,716</u>
Fund balance - January 1		<u>7,015,917</u>	
Fund balance - December 31		<u>\$ 8,154,833</u>	

See Notes to the Required Supplementary Information

BISMARCK PARKS AND RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE- SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original / Final Budget	Actual	Variance
Revenues:			
Taxes	\$ 2,355,000	\$ 2,429,696	\$ 74,696
Miscellaneous	50,000	50,000	-
Total revenues	2,405,000	2,479,696	74,696
Expenditures:			
Capital outlay	-	160,163	(160,163)
Capital outlay <\$5,000	17,600	9,011	8,589
Debt service:			
Principal retirement	1,995,000	2,218,401	(223,401)
Interest and fiscal charges	267,400	256,896	10,504
Total expenditures	2,280,000	2,644,471	(364,471)
Excess of revenues over (under) expenditures	125,000	(164,775)	(289,775)
Other financing sources (uses):			
Proceeds from special assessments debt	-	160,163	160,163
Proceeds from sale of asset	-	225,377	225,377
Transfers out	(125,000)	(125,000)	-
Total other financing sources (uses)	(125,000)	260,540	385,540
Excess of revenues and other sources over (under) expenditures	\$ -	95,765	\$ 95,765
Fund balance - January 1		627,510	
Fund balance - December 31		\$ 723,275	

See Notes to the Required Supplementary Information

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	13.55%	13.94%	14.51%	15.07%	15.50%	14.94%	14.47%	14.52%	13.43%	12.71%
Employer's proportionate share of the net pension liability (asset)	\$ 3,467,085	\$ 2,698,096	\$ 3,561,071	\$ (182,809)	\$ 996,479	\$ 1,485,481	\$ 2,721,922	\$ 1,283,226	\$ 1,315,443	\$ 1,167,823
Employer's covered-employee payroll	\$ 4,277,149	\$ 4,042,688	\$ 3,876,516	\$ 3,990,385	\$ 3,756,434	\$ 3,518,193	\$ 3,490,169	\$ 3,223,952	\$ 2,953,755	\$ 2,512,248
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	81.06%	66.74%	91.86%	-4.58%	26.53%	42.22%	77.99%	39.80%	44.53%	46.49%
Plan fiduciary net position as a percentage of the total pension liability	83.66%	86.57%	82.55%	100.93%	94.84%	91.64%	83.50%	91.78%	89.86%	89.88%

See Notes to the Required Supplementary Information

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 518,221	\$ 406,422	\$ 360,128	\$ 179,876	\$ 207,117	\$ 322,595	\$ 320,293	\$ 262,486	\$ 266,849	\$ 209,905
Contributions in relation to the actuarially determined contribution	\$ (463,493)	\$ (449,482)	\$ (422,382)	\$ (391,223)	\$ (391,223)	\$ (381,662)	\$ (373,732)	\$ (345,354)	\$ (322,654)	\$ (269,065)
Contribution deficiency (excess)	\$ 54,728	\$ (43,060)	\$ (62,254)	\$ (211,347)	\$ (184,106)	\$ (59,067)	\$ (53,439)	\$ (82,868)	\$ (55,805)	\$ (59,160)
Employer's covered-employee payroll	\$ 4,695,167	\$ 4,277,149	\$ 4,042,688	\$ 3,876,516	\$ 3,990,385	\$ 3,756,434	\$ 3,518,193	\$ 3,490,169	\$ 3,223,952	\$ 2,953,755
Contributions as a percentage of covered-employee payroll	9.87%	10.51%	10.45%	10.09%	9.80%	10.16%	10.62%	9.90%	10.01%	9.11%

See Notes to the Required Supplementary Information

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Early Retirement Benefits							
OPEB Liability							
Service cost	\$ (2,008)	\$ (1,173)	\$ (11,437)	\$ (9,494)	\$ (42,559)	\$ (44,074)	\$ 84,581
Benefit paid	-	-	-	-	22,861	21,500	(11,348)
Net Change in Total OPEB Liability	<u>(2,008)</u>	<u>(1,173)</u>	<u>(11,437)</u>	<u>(9,494)</u>	<u>(19,698)</u>	<u>(22,574)</u>	<u>73,233</u>
OPEB Liability - Beginning	<u>106,478</u>	<u>107,651</u>	<u>119,088</u>	<u>128,582</u>	<u>148,280</u>	<u>170,854</u>	<u>97,621</u>
OPEB Liability - Ending	<u>\$ 104,470</u>	<u>\$ 106,478</u>	<u>\$ 107,651</u>	<u>\$ 119,088</u>	<u>\$ 128,582</u>	<u>\$ 148,280</u>	<u>\$ 170,854</u>
Covered Payroll	\$2,449,835	\$2,291,603	\$2,199,219	\$2,313,715	\$2,531,362	\$2,510,639	\$2,511,467
District's Total OPEB Liability as a % of Covered Payroll	4.26%	4.65%	4.89%	5.15%	5.08%	5.91%	6.80%
Health Insurance Benefits							
OPEB Liability							
Service cost	\$ 51,845	\$ 182	\$ (23,498)	\$ 30,824	\$ 35,153	\$ (27,865)	\$ 141,728
Benefit paid	(5,064)	(23,745)	(22,705)	(21,330)	(15,455)	(20,946)	(34,440)
Net Change in Total OPEB Liability	<u>46,781</u>	<u>(23,563)</u>	<u>(46,203)</u>	<u>9,494</u>	<u>19,698</u>	<u>(48,811)</u>	<u>107,288</u>
OPEB Liability - Beginning	<u>212,333</u>	<u>235,896</u>	<u>282,099</u>	<u>272,605</u>	<u>309,649</u>	<u>338,015</u>	<u>230,727</u>
OPEB Liability - Ending	<u>\$ 259,114</u>	<u>\$ 212,333</u>	<u>\$ 235,896</u>	<u>\$ 282,099</u>	<u>\$ 329,347</u>	<u>\$ 289,204</u>	<u>\$ 338,015</u>
Covered Payroll	\$2,666,875	\$2,562,482	\$2,459,679	\$2,559,228	\$2,601,956	\$2,765,641	\$2,765,641
District's Total OPEB Liability as a % of Covered Payroll	9.72%	8.29%	9.59%	11.02%	12.66%	10.46%	12.22%

* Complete data for this schedule is not available prior to 2019.

See Notes to the Required Supplementary Information

BISMARCK PARKS AND RECREATION DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

NOTE 2 EXPENDITURES IN EXCESS OF BUDGET

Expenditures in the special assessments fund for the year ended December 31, 2025 exceeded budgeted amounts by \$364,471.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bismarck Parks and Recreation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 5, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



BRADY MARTZ
BISMARCK, NORTH DAKOTA

May 5, 2026