



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

West Fargo Park District

West Fargo, North Dakota

Audit Report for the Year Ended December 31, 2019

Client Code: PS9121



Photo credit: North Dakota Tourism



Office of the
State Auditor

WEST FARGO PARK DISTRICT

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WEST FARGO PARK DISTRICT

Park District Officials and Audit Personnel
December 31, 2019

PARK DISTRICT OFFICIALS

Todd Rheault	President
Jeff McCracken	Vice President
Chris Heise	Board Member
Ken Zetocha	Board Member
Jake Lauritsen	Board Member
Justin Germundson	Finance Director
Barb Erbstoesser	Executive Director

AUDIT PERSONNEL

Heath Erickson, CPA	Audit Manager
Jonathan Worrall, CPA	Audit In-Charge

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INDEPENDENT AUDITOR'S REPORT

Park District Commissioners
West Fargo Park District
West Fargo, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Fargo Park District, North Dakota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise West Fargo Park District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Fargo Park District, West Fargo, North Dakota, as of December 31, 2019, 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.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021 on our consideration of West Fargo Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Fargo Park District's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 12, 2021

WEST FARGO PARK DISTRICT

Statement of Net Position

December 31, 2019

	Governmental Activities
ASSETS	
Cash and Investments	\$ 5,326,612
Cash with Fiscal Agent	517,839
Intergovernmental Receivable	219,336
Accounts Receivable	75,000
Due from County	6,022
Taxes Receivable	59,558
Special Assessments Receivable	3,276,303
Capital Assets	
Nondepreciable	16,659,308
Depreciable, Net	<u>22,866,212</u>
 Total Assets	 <u>\$ 49,006,190</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension and OPEB	<u>\$ 767,604</u>
 LIABILITIES	
Accounts Payable	\$ 194,256
Salaries Payable	14,168
Encumbrance	5,910
Retainage Payable	474,230
Interest Payable	417,734
Long-Term Liabilities	
Due Within One Year	
Long-Term Debt	1,963,464
Compensated Absences Payable	41,725
Due After One Year	
Long-Term Debt	34,748,859
Compensated Absences Payable	166,901
Net Pension & OPEB Liability	<u>1,452,066</u>
 Total Liabilities	 <u>\$ 39,479,313</u>
 DEFERRED INFLOWS OF RESOURCES	
Derived from Pension and OPEB	<u>\$ 697,152</u>
 NET POSITION	
Net Investment in Capital Assets	\$ 6,885,302
Restricted	
Capital Projects	3,193,713
Culture and Recreation	30,074
Unrestricted	<u>(511,760)</u>
 Total Net Position	 <u><u>\$ 9,597,329</u></u>

The notes to the financial statements are in integral part of this statement.

WEST FARGO PARK DISTRICT

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 2,477,325	\$ -	\$ -	\$ -	\$ (2,477,325)
Recreation	2,255,456	982,640	-	106,703	(1,166,113)
Interest on Long-Term Debt	1,180,195	-	-	-	(1,180,195)
Total Governmental Activities	<u>\$ 5,912,976</u>	<u>\$ 982,640</u>	<u>\$ -</u>	<u>\$ 106,703</u>	<u>\$ (4,823,633)</u>
General Revenues					
Property Taxes					\$ 4,458,931
Unrestricted Grants and Contributions					849,033
Unrestricted Investment Earnings					64,496
Net Gain on Sale of Capital Assets					19,650
Miscellaneous Revenue					<u>229,102</u>
Total General Revenues					<u>\$ 5,621,212</u>
Change in Net Position					<u>\$ 797,579</u>
Net Position - January 1					<u>\$ 9,170,430</u>
Prior Period Adjustments					<u>\$ (370,680)</u>
Net Position - January 1, as Restated					<u>\$ 8,799,750</u>
Net Position - December 31					<u><u>\$ 9,597,329</u></u>

The notes to the financial statements are in integral part of this statement.

WEST FARGO PARK DISTRICT

Balance Sheet – Governmental Funds

December 31, 2019

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 1,340,559	\$ 408,368	\$ 3,541,825	\$ 35,860	\$ 5,326,612
Cash with Fiscal Agent	-	37	517,802	-	517,839
Intergovernmental Receivables	219,336	-	-	-	219,336
Accounts Receivable	75,000	-	-	-	75,000
Due from County	2,978	-	3,044	-	6,022
Taxes Receivable	29,176	-	30,382	-	59,558
Special Assessments Receivable	-	-	3,276,303	-	3,276,303
Total Assets	<u>\$ 1,667,049</u>	<u>\$ 408,405</u>	<u>\$ 7,369,356</u>	<u>\$ 35,860</u>	<u>\$ 9,480,670</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 36,553	\$ 139,923	\$ 11,994	\$ 5,786	\$ 194,256
Salaries Payable	14,168	-	-	-	14,168
Encumbrance	277	5,633	-	-	5,910
Total Liabilities	<u>\$ 50,998</u>	<u>\$ 145,556</u>	<u>\$ 11,994</u>	<u>\$ 5,786</u>	<u>\$ 214,334</u>
Deferred Inflows of Resources					
Taxes Receivable	\$ 29,176	\$ -	\$ 30,382	\$ -	\$ 59,558
Special Assessments Receivable	-	-	3,276,303	-	3,276,303
Total Deferred Inflows of Resources	<u>\$ 29,176</u>	<u>\$ -</u>	<u>\$ 3,306,685</u>	<u>\$ -</u>	<u>\$ 3,335,861</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 80,174</u>	<u>\$ 145,556</u>	<u>\$ 3,318,679</u>	<u>\$ 5,786</u>	<u>\$ 3,550,195</u>
Fund Balances					
Restricted					
Debt Service	\$ -	\$ -	\$ 1,119,813	\$ -	\$ 1,119,813
Capital Projects	-	262,849	2,930,864	-	3,193,713
Culture and Recreation	-	-	-	11,545	11,545
Assigned					
Culture and Recreation	-	-	-	18,529	18,529
Unassigned	1,586,875	-	-	-	1,586,875
Total Fund Balances	<u>\$ 1,586,875</u>	<u>\$ 262,849</u>	<u>\$ 4,050,677</u>	<u>\$ 30,074</u>	<u>\$ 5,930,475</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,667,049</u>	<u>\$ 408,405</u>	<u>\$ 7,369,356</u>	<u>\$ 35,860</u>	<u>\$ 9,480,670</u>

The notes to the financial statements are in integral part of this statement.

WEST FARGO PARK DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2019

Total Fund Balances of Governmental Funds		\$	5,930,475
Total net position reported for government activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.			39,525,520
Property taxes and special assessments 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 inflow of resources in the funds.			
Property Taxes Receivable	\$	59,558	
Special Assessments Receivable		<u>3,276,303</u>	3,335,861
Retainage payable is not a fund liability, but is accrued for government-wide purposes as that liability will be liquidated at the completion of capital projects.			(474,230)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.			
Deferred Outflows Related to Pensions & OPEB	\$	767,604	
Deferred Inflows Related to Pensions & OPEB		<u>(697,152)</u>	70,452
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.			
Long-Term Debt	\$	(36,712,323)	
Interest Payable		(417,734)	
Compensated Absences		(208,626)	
Net Pension & OPEB Liability		<u>(1,452,066)</u>	<u>(38,790,749)</u>
Total Net Position of Governmental Activities			<u><u>\$ 9,597,329</u></u>

The notes to the financial statements are in integral part of this statement.

WEST FARGO PARK DISTRICTStatement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 2,167,347	\$ 97,118	\$ 2,181,961	\$ -	\$ 4,446,426
Special Assessments	-	-	352,131	-	352,131
Charges for Services	955,272	-	-	27,368	982,640
Intergovernmental	849,033	-	-	-	849,033
Interest Income	-	59,993	4,503	-	64,496
Miscellaneous	5,295	208,006	15,001	800	229,102
Total Revenues	\$ 3,976,947	\$ 365,117	\$ 2,553,596	\$ 28,168	\$ 6,923,828
EXPENDITURES					
Current					
General Government	\$ 2,303,290	\$ -	\$ -	\$ -	\$ 2,303,290
Culture and Recreation	1,015,447	-	-	21,198	1,036,645
Capital Outlay	-	5,034,029	1,618,942	-	6,652,971
Debt Service					
Principal	110,761	325,000	3,042,243	-	3,478,004
Interest and Fees	3,030	580,187	571,227	-	1,154,444
Total Expenditures	\$ 3,432,528	\$ 5,939,216	\$ 5,232,412	\$ 21,198	\$ 14,625,354
Excess (Deficiency) of Revenues Over Expenditures	\$ 544,419	\$ (5,574,099)	\$ (2,678,816)	\$ 6,970	\$ (7,701,526)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds	\$ -	\$ -	\$ 5,905,000	\$ -	\$ 5,905,000
Bond Premium	-	-	149,991	-	149,991
Sale of Capital Assets	-	13,400	-	-	13,400
Transfers In	700,000	5,092,170	470,000	20,002	6,282,172
Transfers Out	(505,002)	(943,572)	(4,833,598)	-	(6,282,172)
Total Other Financing Sources and Uses	\$ 194,998	\$ 4,161,998	\$ 1,691,393	\$ 20,002	\$ 6,068,391
Net Change in Fund Balances	\$ 739,417	\$ (1,412,101)	\$ (987,423)	\$ 26,972	\$ (1,633,135)
Fund Balance - January 1	\$ 847,458	\$ 1,674,950	\$ 5,038,100	\$ 3,102	\$ 7,563,610
Fund Balance - December 31	\$ 1,586,875	\$ 262,849	\$ 4,050,677	\$ 30,074	\$ 5,930,475

The notes to the financial statements are in integral part of this statement.

WEST FARGO PARK DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ (1,633,135)
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital Outlay	\$ 6,643,735	
Depreciation Expense	<u>(1,098,696)</u>	5,545,039

In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Sale of Capital Assets	\$ (13,400)	
Gain on Sale of Capital Assets	<u>19,650</u>	6,250

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. Proceeds from long-term debt provides financial resources to the governmental funds, but increases long-term liabilities in the statement of net position.

Repayment of Debt	\$ 3,478,004	
Issuance of Debt	<u>(6,054,991)</u>	(2,576,987)

Bond premium is a reduction in interest expense, as they are amortized over the life of the outstanding bonds using the straight-line method.

14,089

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

Net Change in Compensated Absences	\$ 14,303	
Net Change in Retainage Payable	(110,879)	
Net Change in Interest Payable	<u>(39,840)</u>	(136,416)

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

Net Change in Taxes Receivable	\$ 12,505	
Net Change in Special Assessments Receivable	<u>(245,428)</u>	(232,923)

The net pension and OPEB liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension and OPEB Liability	\$ 530,083	
Net Change in Deferred Outflows of Resources Related to Pensions & OPEB	(139,202)	
Net Change in Deferred Inflows of Resources Related to Pensions & OPEB	<u>(579,219)</u>	<u>(188,338)</u>

Change in Net Position of Governmental Activities	\$ 797,579
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The notes to the financial statements are in integral part of this statement.

WEST FARGO PARK DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Fargo Park District ("Park District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. 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 Park District's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the Park District. The Park District has considered all potential component units for which the Park District is financially accountable and other organizations for which the nature and significance of their relationships with the Park District such that exclusion would cause the Park District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Park District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Park District.

Based on these criteria, there is one blended component unit to be included within the Park District as a reporting entity.

Blended Component Unit

West Fargo Park District Building Authority ("Building Authority") -The Building Authority serves only the Park District. The Park District board also serves as the board of the building authority. The primary purpose is to issue bonds for improvements of existing buildings and/or construction of new park building/recreation areas in which specials won't be assessed to finance these projects. In recent years, another significant purpose of the Building Authority was to issue bonds for improvements of the Veterans Memorial Arena and to lease this structure to the Park District. The funds of the Building Authority are blended with the debt service and capital projects funds of the Park District.

Basis of Presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the function of the Park District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, interest and non-restricted grants and contributions, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Park District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Park District reports the following major governmental funds:

General Fund. The general fund is the general operating fund of the Park District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvements Fund. The capital improvements fund is used to account for the accumulation of resources for various park capital improvements and construction. The primary revenue source in this fund is interest earned from restricted investments.

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

Debt Service Fund. This fund is used to account for the resources accumulated and payments made for principal and interest on special assessment, revenue, and general obligation bonds debt.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Cash and Investments

Cash consists of amounts in demand deposits and money market accounts.

The investments consist of certificates of deposit stated at cost with maturities in excess of 90 days.

Capital Assets

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (amounts in years):

Buildings	30
Improvements	10-30
Machinery and Equipment	7-15
Vehicles	7

Long-Term Liabilities

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

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

Compensated Absences

Vacation leave is earned by Park District employees at the rate of four to sixteen hours per month depending on years of service. Up to 30 days of vacation leave may be carried over at each year-end. Sick leave benefits are earned by full-time employees at the rate of eight hours per month regardless of the years of service. Employees hired before January 1, 2004 can choose one of two irrevocable options for sick leave. The first option allows employees retiring from employment at age sixty-two or older to be paid 100% of accumulated sick leave, not to exceed 960 hours. In addition, any employee retiring from employment whose combined total years of continuous service equals twenty-five (25) years shall be paid 100% for accumulated sick leave, not to exceed nine hundred sixty (960) hours. Sick time will not accumulate after nine hundred sixty (960) hours. The second option allows employees to accumulate unlimited hours of sick leave. Sick time in excess of nine-hundred sixty (960) hours may not be carried over into the following year. Any hours in excess of nine-hundred sixty (960) hours will be paid annually at a rate of 50%. Upon separation of employment, any employee with ten or more years of continuous service shall be paid for 50% of accumulated sick leave at time of separation. Employees hired after January 1, 2004 are subject to the second option. A liability for the vested or accumulated vacation and sick leave is reported in the statement of net position.

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

Other Post-Employment Benefits (OPEB)

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

Fund Balances

Minimum Fund Balance Policy. The Park District budget committee established a 15-20% general fund carryover balance target to help with financial stability. The 15-20% fund balance range is a part of the budget recommendation adopted by the Park District each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the district.

Fund Balance Spending Policy. It is the policy of the Park District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Park District to spend unrestricted resources of funds in the following order: committed, assigned, unassigned.

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state & federal governments for various grants & reimbursements).

Assigned Fund Balances. Assigned fund balances are reported in the nonmajor funds and represent amounts that are assigned for future improvement projects.

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund.

WEST FARGO PARK DISTRICTNotes to the Financial Statements – Continued

Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

Interfund Transactions

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

All other inter-fund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, inter-fund transactions have been eliminated.

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Net position of the Park District as of January 1, 2019 has been restated for an adjustment to special assessments receivable as shown below. The results of the adjustment decreased net position of the Park District.

Beginning Net Position, as Previously Reported	\$ 9,170,430
Prior Period Adjustment	
Special Assessments Receivable	(370,680)
Beginning Net Position, Restated	\$ 8,799,750

NOTE 3 DEPOSITS**Custodial Credit Risk**

Credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the Park District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The Park District does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

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

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

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

At year ended December 31, 2019, the Park District's carrying amount of deposits was \$5,825,105 and the bank balances were \$6,152,914. Of the bank balances, \$5,442,943 was covered by Federal Depository Insurance, \$517,953 were held at the Bank of North Dakota, which is backed by the full faith of the State of North Dakota, while the remaining balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 4 PROPERTY TAXES

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2019.

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	\$ 6,326,806	\$ -	\$ -	\$ -	\$ 6,326,806
Construction in Progress	4,892,534	6,149,810	-	(709,842)	10,332,502
Total Capital Assets, Not Being Depreciated	\$ 11,219,340	\$ 6,149,810	\$ -	\$ (709,842)	\$ 16,659,308
Capital Assets Being Depreciated					
Buildings	\$ 16,637,243	\$ -	\$ -	\$ 336,122	\$ 16,973,365
Equipment/Vehicles	2,199,371	111,274	68,768	-	2,241,877
Improvements	13,151,016	388,901	-	373,720	13,913,637
Total Capital Assets, Being Depreciated	\$ 31,987,630	\$ 500,175	\$ 68,768	\$ 709,842	\$ 33,128,879
Less Accumulated Depreciation					
Buildings	\$ 5,139,114	\$ 488,978	\$ -	\$ -	\$ 5,628,092
Equipment/Vehicles	1,495,132	133,673	68,768	-	1,560,037
Improvements	2,598,493	476,045	-	-	3,074,538
Total Accumulated Depreciation	\$ 9,232,739	\$ 1,098,696	\$ 68,768	\$ -	\$ 10,262,667
Total Capital Assets Being Depreciated, Net	\$ 22,754,891	\$ (598,521)	\$ -	\$ 709,842	\$ 22,866,212
Governmental Activities Capital Assets, Net	\$ 33,974,231	\$ 5,551,289	\$ -	\$ -	\$ 39,525,520

Depreciation expense was charged to the culture and recreation function.

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

NOTE 6 LONG-TERM LIABILITIES

During the year ended December 31, 2019; the following changes occurred in governmental activities long-term liabilities:

	Balance Jan 31	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Revenue Bonds	\$ 17,400,000	\$ 5,905,000	\$ 415,000	\$ 22,890,000	\$ 640,000
G.O. Bonds	7,400,000	-	905,000	6,495,000	840,000
Special Assmt. Bonds	3,563,305	-	1,810,293	1,753,012	120,951
Loans Payable	110,165	-	35,761	74,404	36,744
Leases Payable	165,000	-	75,000	90,000	75,000
Special Assessments Payable	5,201,019	-	236,951	4,964,068	229,181
Bond Premium	309,937	149,991	14,089	445,839	21,588
Total Long-Term Debt	\$ 34,149,426	\$ 6,054,991	\$ 3,492,094	\$ 36,712,323	\$ 1,963,464
Compensated Absences *	\$ 222,928	\$ -	\$ 14,302	\$ 208,626	\$ 41,725
Net Pension and OPEB Liability	1,982,149	-	530,083	1,452,066	-
Total Primary Government	\$ 36,354,503	\$ 6,054,991	\$ 4,036,479	\$ 38,373,015	\$ 2,005,189

* The changes in compensated absences is shown as a net change

Debt service requirements on long-term debt is as follows:

Year Ending Dec 31	Revenue Bonds		G.O. Bonds		Special Assmt. Bonds		Loans Payable		Leases Payable	Special Assmt. Payable		Bond Premium
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest	
2020	\$ 640,000	\$ 789,692	\$ 840,000	\$ 158,958	\$ 120,951	\$ 57,259	\$ 36,744	\$ 2,046	\$ 75,000	\$ 229,181	\$ 215,477	\$ 21,588
2021	915,000	757,234	455,000	144,935	121,642	54,151	37,660	1,130	15,000	229,181	205,537	21,588
2022	930,000	725,517	440,000	135,243	122,367	50,832	-	-	-	229,060	195,477	21,588
2023	950,000	693,791	395,000	126,562	116,127	47,539	-	-	-	226,747	185,523	21,588
2024	965,000	660,209	365,000	118,963	116,925	44,137	-	-	-	226,296	175,685	21,588
2025 - 2029	5,270,000	2,759,616	1,650,000	478,337	500,000	171,200	-	-	-	1,131,062	731,195	107,942
2030 - 2034	5,650,000	1,807,682	1,525,000	245,888	500,000	79,975	-	-	-	1,126,446	486,295	107,942
2035 - 2039	5,285,000	888,008	825,000	39,568	155,000	6,499	-	-	-	1,097,995	243,067	86,387
2040 - 2044	2,285,000	148,651	-	-	-	-	-	-	-	464,563	36,986	35,628
2045 - 2049	-	-	-	-	-	-	-	-	-	3,537	233	-
Total	\$22,890,000	\$9,230,400	\$6,495,000	\$1,448,454	\$1,753,012	\$ 511,592	\$ 74,404	\$ 3,176	\$ 90,000	\$4,964,068	\$2,475,475	\$445,839

NOTE 7 PENSION PLAN**General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

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

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

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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

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

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

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

At December 31, 2019, the Park District reported a liability of \$1,364,878 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2019, the Park District's proportion was .116450 percent, which was an increase of .003927 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Park District recognized pension expense of \$283,372. At December 31, 2019, the Park District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 809	\$ 247,699
Changes of Assumptions	510,019	437,896
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	23,779	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	118,154	8,458
Employer Contributions Subsequent to the Measurement Date	84,640	-
Total	\$ 737,401	\$ 694,053

\$84,640 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

2020	\$ 80,207
2021	48,515
2022	(20,685)
2023	(112,457)
2024	(36,872)

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	<div> <div>Service at Beginning of year:</div> <div> <div>0</div> <div>1</div> <div>2</div> </div> <div>Increase Rate:</div> <div> <div>15.00%</div> <div>10.00%</div> <div>8.00%</div> </div> </div>
	<div> <div>Age*</div> <div> <div>Under 30</div> <div>30 – 39</div> <div>40 – 49</div> <div>50 – 59</div> <div>60+</div> </div> <div> <div>10.00%</div> <div>7.50%</div> <div>6.75%</div> <div>6.50%</div> <div>5.25%</div> </div> </div>
	* Age-based salary increase rates apply for employees with three or more years of service
Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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

Asset Class	Target Allocation	Long -Term Expected Real Rate of Return
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%

Sensitivity of the Park District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Park District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of the Net Pension Liability	\$ 1,956,942	\$ 1,364,878	\$ 867,442

Pension plan fiduciary net position

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB)**General Information about the OPEB Plan*****North Dakota Public Employees Retirement System***

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

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

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

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

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

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

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

At December 31, 2019, the Park District reported a liability of \$87,188, for their proportionate shares of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net OPEB liability was based on their share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019, the Park District's proportion was .108552 percent, which was an increase of .002909 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019 the Park District recognized OPEB expense of \$12,464. At December 31, 2019, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,154	\$ 2,724
Changes of Assumptions	10,391	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	97	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,009	375
Employer Contributions Subsequent to the Measurement Date	13,552	-
Total	\$ 30,203	\$ 3,099

\$13,552 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020.

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

2020	\$ 2,211
2021	2,211
2022	3,022
2023	2,873
2024	2,014
2025	1,049
Thereafter	172

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment Rate of Return	7.50%, net of investment expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

WEST FARGO PARK DISTRICT

Notes to the Financial Statements – Continued

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Park District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 111,283	\$ 87,188	\$ 66,562

NOTE 9 COMMITMENTS

The Park District had the following commitments for construction projects at year-end:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
Rustad Center Expansion				
Gast Construction	\$ 5,592,967	\$ 5,493,152	\$ 279,648	\$ 379,463
Scott's Electric	731,694	731,694	36,585	36,585
Peterson Mechanical	892,814	892,814	44,641	44,641
Keifer Speciality Flooring	188,691	179,256	-	9,435
Zerr Berg Architects/Engineering	486,547	485,511	-	1,036
Contingency/Misc	81,840	-	-	81,840
Total Rustad Center Expansion	\$ 7,974,553	\$ 7,782,427	\$ 360,874	\$ 553,000
Park Improvement District 2019-1	\$ 1,378,813	\$ 442,491	\$ 44,249	\$ 980,571
Park Improvement District 2017-2	1,581,156	1,301,963	69,107	348,300
Total All Projects	\$ 10,934,522	\$ 9,526,881	\$ 474,230	\$ 1,881,871

WEST FARGO PARK DISTRICTNotes to the Financial Statements – Continued

NOTE 10 SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Park District issued refunding improvement bonds in the amount of \$2,985,000 for the purpose of paying off special assessment debt due to the City of West Fargo. Future bond principal payments are due annually and range from \$110,000 to \$170,000, with interest between 2.00% to 3.00%. The bonds mature in FY2040.

NOTE 11 TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that the Park District accounts for in other funds in accordance with budget authority and to subsidize other programs.

NOTE 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Park District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of five million dollars per occurrence for general liability and five million automobile liability and \$1,249,462 for public asset coverage.

The Park District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Park District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the Park District with blanket fidelity bond coverage in the amount of \$1,750,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The Park District has worker's compensation with the North Dakota Workforce Safety and Insurance.

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

WEST FARGO PARK DISTRICT

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 2,224,100	\$ 2,224,100	\$ 2,167,347	\$ (56,753)
Charges for Services	891,000	891,000	955,272	64,272
Intergovernmental	660,000	660,000	849,033	189,033
Miscellaneous	3,000	3,000	5,295	2,295
Total Revenues	\$ 3,778,100	\$ 3,778,100	\$ 3,976,947	\$ 198,847
EXPENDITURES				
Current				
General Government	\$ 2,344,210	\$ 2,344,210	\$ 2,303,290	\$ 40,920
Recreation	1,147,000	1,147,000	1,015,447	131,553
Debt Service				
Principal	110,761	110,761	110,761	-
Interest	3,030	3,030	3,030	-
Total Expenditures	\$ 3,605,001	\$ 3,605,001	\$ 3,432,528	\$ 172,473
Excess (Deficiency) of Revenues Over Expenditures	\$ 173,099	\$ 173,099	\$ 544,419	\$ 371,320
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 700,000	\$ 700,000
Transfers Out	(100,000)	(382,318)	(505,002)	(122,684)
Total Other Financing Sources (Uses)	\$ (100,000)	\$ (382,318)	\$ 194,998	\$ 577,316
Net Change in Fund Balances	\$ 73,099	\$ (209,219)	\$ 739,417	\$ 948,636
Fund Balances - January 1	\$ 847,458	\$ 847,458	\$ 847,458	\$ -
Fund Balances - December 31	\$ 920,557	\$ 638,239	\$ 1,586,875	\$ 948,636

The notes to the required supplementary information are an integral part of this statement.

WEST FARGO PARK DISTRICT

Schedule of Employer's Share of Net Pension Liability and Employer Contributions
For the Year Ended December 31, 2019

**Schedule of Employer's Share of Net Pension Liability
ND Public Employee's Retirement System
Last 10 Fiscal Years**

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.116450%	\$ 1,364,878	\$ 1,211,281	112.68%	71.66%
2018	0.112523%	1,898,948	1,155,966	164.27%	62.80%
2017	0.106106%	1,705,472	1,083,177	157.45%	61.98%
2016	0.093004%	906,415	937,258	96.71%	70.46%
2015	0.096366%	655,272	858,506	76.33%	77.15%
2014	0.093924%	596,156	791,187	75.35%	77.70%

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 88,188	\$ 85,483	\$ 2,705	\$ 1,211,281	7.06%
2018	85,142	80,020	5,122	1,155,966	6.92%
2017	78,543	74,683	3,860	1,083,177	6.89%
2016	67,856	65,891	1,965	937,258	7.03%
2015	65,210	60,499	4,711	858,506	7.05%
2014	61,226	(61,226)	-	791,187	7.12%

The notes to the required supplementary information are an integral part of this statement.

WEST FARGO PARK DISTRICT

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
For the Year Ended December 31, 2019

**Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years**

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.108552%	\$ 87,188	\$ 1,211,281	7.20%	63.13%
2018	0.105643%	83,201	1,155,966	7.20%	61.89%
2017	0.100123%	79,198	1,083,177	7.31%	59.78%

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 14,087	\$ 13,687	\$ 400	\$ 1,211,281	1.13%
2018	13,559	12,812	747	1,155,966	1.11%
2017	12,591	11,958	633	1,083,177	1.10%

The notes to the required supplementary information are an integral part of this statement.

WEST FARGO PARK DISTRICT

Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Park Board commission adopts an “appropriated budget” on the modified accrual basis of accounting.

- The Park Board prepares an annual budget on or before September tenth, the Park Board prepares a preliminary budget.
- The preliminary budget includes the estimated revenues and appropriations for the general fund of the Park Board.
- The Park Board shall meet and hear any and all protests or objections to the items or amounts set forth in the preliminary budget. At the hearing, the Park Board shall make any changes in the items or amounts shown in the preliminary budget.
- The final budget must be filed with the County Auditor before October 10th so that the County has adequate time to prepare the appropriate mill levy for the Park Board.
- Each budget is controlled by the County Auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

NOTE 2 CHANGE OF BENEFIT TERMS

Pension

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

NOTE 3 CHANGES OF ASSUMPTIONS

Pension

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

WEST FARGO PARK DISTRICTNotes to the Required Supplementary Information - Continued

OPEB

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

NOTE 4 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

NOTE 5 LEGAL COMPLIANCE – BUDGETS**Budget Amendments**

The board of commissioners amended the Park District budget for 2019 as follows:

	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 3,705,000	\$ 282,318	\$ 3,987,318
Capital Projects	2,259,000	4,807,052	7,066,052
Debt Service	2,786,630	3,167,356	5,953,986

STATE AUDITOR
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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*

Independent Auditor's Report

Park District Board
West Fargo Park District
West Fargo, 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, each major fund, and the aggregate remaining fund information of the West Fargo Park District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the West Fargo Park District's basic financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2019-001 and 2019-002 that we consider to be material weaknesses.

WEST FARGO PARK DISTRICT

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* - Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Fargo Park District's financial statements are free of 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 determination of financial statement amounts. 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*.

West Fargo Park District's Response to Findings

The West Fargo Park District's response to the findings identified in our audit is described in the accompanying *schedule of audit findings*. The West Fargo Park District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 12, 2021

WEST FARGO PARK DISTRICT

Summary of Auditor's Results

For the Year Ended December 31, 2019

Financial Statements

Type of Report Issued?	
Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

Material weaknesses identified?	<u> X </u> Yes	<u> </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Noted
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> None Noted

WEST FARGO PARK DISTRICT

Schedule of Audit Findings

For the Year Ended December 31, 2019

2019-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS

Condition

West Fargo Park District has one finance director for most accounting functions. A lack of segregation of duties exists as one employee is responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the journals, maintain the general ledger, perform bank reconciliations, and prepare financial statements.

Criteria

Proper internal control according to the COSO framework include controls surrounding the custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements. The framework dictates there should be sufficient accounting personnel so that duties of employees are properly segregated. Proper segregation of duties would provide better control over the assets of the West Fargo Park District.

Cause

Management has chosen to allocate its economic resources to other functions of the West Fargo Park District.

Effect

The lack of segregation of duties increases the risk of material misstatement to West Fargo Park District's financial condition, whether due to error or fraud.

Repeat Finding

Yes.

Recommendation

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements and credit memos should be reviewed by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.
- Include the board in reviewing bank reconciliations, credit memos, manual adjustments, etc.

West Fargo Park District's Response

We agree that at present duties are not fully segregated to obtain proper segregation of duties. I feel we have taken great strides over the years in improving this weakness that is an ongoing issue. This condition will continue to be an improvement area until we are able to hire another full-time business position.

2019-002 – FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition

West Fargo Park District currently does not prepare the financial statements, including various adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the financial statements and note disclosures.

Criteria

West Fargo Park District is responsible for the preparation of its annual financial statements and related note disclosures to ensure they are reliable, accurate, free of material misstatement, and in accordance with GAAP.

Cause

Management chose not to allocate Park District resources for preparation of the financial statements.

Effect

There is an increased risk of material misstatement to the West Fargo Park District's financial statements.

Repeat Finding

Yes.

Recommendation

We recommend West Fargo Park District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

West Fargo Park District's Response

Agree. The West Fargo Park District is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

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GOVERNANCE COMMUNICATION

Park District Board
West Fargo Park District
West Fargo, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Fargo Park District, West Fargo, North Dakota, for the year ended December 31, 2019, which collectively comprise the Park District's basic financial statements and have issued our report thereon dated January 12, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance

As stated in our engagement letter dated December 3, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered the West Fargo Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting.

As part of obtaining reasonable assurance about whether the West Fargo Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the West Fargo Park District are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2019. Application of existing policies was not changed during the year ended December 31, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

WEST FARGO PARK DISTRICT
Governance Communication - Continued

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures or provided by management that were corrected by management.

	<u>Client Provided Adjustments</u>		<u>Audit Adjustments</u>		<u>Total Adjustment</u>	
	Debit	Credit	Debit	Credit	Debit	Credit
Fund Level Adjustments						
Intergovernmental Receivables	219,336	-	-	-	219,336	-
Accounts Receivable	75,000	-	-	-	75,000	-
Revenue	-	294,336	-	-	-	294,336
Expenditures	208,424	-	-	-	208,424	-
Accounts Payable	-	194,256	-	-	-	194,256
Salaries Payable	-	14,168	-	-	-	14,168
Due From County	-	-	6,021	-	6,021	-
Revenue	-	-	-	6,021	-	6,021
Cash	19,345	-	-	-	19,345	-
Transfers In	-	19,345	-	-	-	19,345
Government Wide Prior Period Adjustment						
Net Position	-	-	370,680	-	370,680	-
Special Assessment Receivable	-	-	-	370,680	-	370,680

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Park District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

WEST FARGO PARK DISTRICT

Governance Communication - Continued

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing board and management of the West Fargo Park District, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you to the employees of the West Fargo Park District for the courteous and friendly assistance we received during our audit. It is a pleasure for us to be able to serve the West Fargo Park District.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 12, 2021



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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