



Financial Statements
December 31, 2020

Park District of the City of Fargo

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Park District of the City of Fargo
Commissioners and Officers
December 31, 2020

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Stacey Griggs	President	June 2022
Vicki Dawson	Vice President	June 2022
Joe Deutsch	Commissioner	June 2022
Jerry Rostad	Commissioner	June 2024
Dawn Morgan	Commissioner	June 2024
Jeff Gunkelman	Clerk and Secretary	
Carolyn Boutain (Interim)	Treasurer Ex Officio	
Dave Leker	Executive Director	



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Park District of the City of Fargo (the Park District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the 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, the business-type activities, the discretely presented component unit, and each major fund of the Park District, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's share of net OPEB liability and schedule of employer's contributions, schedule of changes in the Park District's total OPEB liability and related ratios, schedule of employer's share of net pension liability, and schedule of employer's contributions 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 or 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park District's financial statements. The listing of commissioners and officers and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The listing of commissioners and officers has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021 on our consideration of the Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Park District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota

May 10, 2021

This discussion and analysis presents the highlights of financial activities and financial position for the Park District of the City of Fargo (the "Park District"). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Park District.

With the onset of the COVID-19 Pandemic in March 2020, the Park District anticipated potential revenue shortfalls and some reduction in expenses due to the temporary closing of facilities during the quarantine period. The Park District has maintained strong reserve balances which help bridge financial gaps in revenue projections. This global pandemic has created unprecedented challenges for Federal, State and Local Government operations, creating uncertainty in the outcome of the 2021 budget.

Management's Discussion and Analysis (MD&A) focuses on current year activities and the resulting changes. Please read it in conjunction with the Park District's financial statements (beginning on page 12).

Financial Highlights

The Park District's governmental net position increased by \$3,280,374 from multiple areas. The largest increase in revenues were related to the Golf Course fees and additional tax collections.

The Park District's business-type net position increased by \$0. During the year, Courts Plus has decrease revenue due to the COVID-19 Pandemic. To account for this lost revenue, the Park District recorded a transfer from the general fund to bring the change in net position for the year to \$0.

Report Layout

The Park District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the Park District. The components of the report include the following:

Management's Discussion and Analysis – This section of the report provides financial highlights, overview and economic factors affecting the Park District.

Basic Financial Statements – Includes Statement of Net Position, Statement of Activities, fund financial statements and the notes to the financial statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Park District.

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns and deferred outflows of resources, the liabilities it owes and deferred inflows of resources, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on gross and net costs of Park District programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Park District's major governmental funds are presented in their own column. Budgetary comparison statements are presented for the General Fund. Statements for the Park District's proprietary funds follow the governmental funds and include net position, revenues, expense, and changes in fund net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Park District's financial condition.

Required Supplementary Information – This is additional required disclosure of the funding progress of the Park District's OPEB liabilities in accordance with GASB Statement No. 75 and pension liabilities in accordance with GASB Statement No. 68.

Other Supplementary Information – Readers desiring additional information on The Valley Senior Services, a component unit of the Park District. Provided for the reader is a separate balance sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Valley Senior Services.

Park District as A Whole

Statement of Net Position at December 31, 2020 (Table 1 – page 7)

During fiscal year 2020 the governmental activities net position increased by \$3,280,374 as shown on Table 2. The increase is from the net operating surplus. This net operating surplus is being held as a current asset.

Statement of Activities for the Year Ending December 31, 2020 (Table 2 – page 8)

Governmental Activities

The increase of net position as shown on the statement of activities, Table 2, is from revenues exceeding expenses. Revenues exceeded budgeted amounts due to increased tax revenue and additional charges for services.

A portion of the year-end net position is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within the governmental activities category restrictions are for debt service reserves and capital projects reserves.

Business-Type Activities

There was no change in net position during the year, as the Park District recorded a transfer from governmental activities to cover the operating loss.

Table 1
Statement of Net Position
December 31, 2020
With Comparative Amounts for 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 42,967,605	\$ 39,308,871	\$ 61,715	\$ 70,060	\$ 43,029,320	\$ 39,378,931
Capital assets	106,518,372	108,250,618	3,773,588	4,086,352	110,291,960	112,336,970
Total assets	149,485,977	147,559,489	3,835,303	4,156,412	153,321,280	151,715,901
Deferred Outflows of Resources	7,671,240	2,612,309	1,614	2,709	7,672,854	2,615,018
Liabilities						
Current liabilities	1,120,716	1,114,526	772,027	907,415	1,892,743	2,021,941
Long-term liabilities	43,766,299	40,157,335	1,675,288	1,873,385	45,441,587	42,030,720
Total liabilities	44,887,015	41,271,861	2,447,315	2,780,800	47,334,330	44,052,661
Deferred Inflows of Resources	2,642,345	2,552,454	13,040	1,759	2,655,385	2,554,213
Net Position						
Net investment in capital assets	75,568,067	73,853,896	2,148,872	2,262,397	77,716,939	76,116,293
Restricted for						
Debt service	22,541,772	23,709,207	-	-	22,541,772	23,709,207
Specific projects and programs	10,622,680	9,197,299	-	-	10,622,680	9,197,299
Unrestricted	895,338	(412,919)	(772,310)	(885,835)	123,028	(1,298,754)
Total net position	\$ 109,627,857	\$ 106,347,483	\$ 1,376,562	\$ 1,376,562	\$ 111,004,419	\$ 107,724,045

Table 2
Statement of Activities
Year Ending December 31, 2020
With Comparative Amounts for 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 7,566,317	\$ 5,769,324	\$ 1,692,684	\$ 2,307,187	\$ 9,259,001	\$ 8,076,511
Operating grants and contributions	148,925	176,910	84,286	7,018	233,211	183,928
Capital grants and contributions	-	411,400	-	-	-	411,400
General Revenues						
Property taxes	16,502,371	15,182,233	-	-	16,502,371	15,182,233
Special assessment collections	-	314,398	-	-	-	314,398
Intergovernmental	2,827,082	3,110,906	-	-	2,827,082	3,110,906
Investment earnings	318,873	379,420	-	-	318,873	379,420
Total revenues	<u>27,363,568</u>	<u>25,344,591</u>	<u>1,776,970</u>	<u>2,314,205</u>	<u>29,140,538</u>	<u>27,658,796</u>
Expenses						
General government	5,522,902	5,842,818	-	-	5,522,902	5,842,818
Recreation	1,127,483	1,255,376	-	-	1,127,483	1,255,376
Major events	-	143,046	-	-	-	143,046
Recurring Events	322,472	369,033	-	-	322,472	369,033
Concessions	298,608	293,932	-	-	298,608	293,932
Golf	3,539,644	2,944,848	-	-	3,539,644	2,944,848
Facilities	2,020,145	1,905,398	-	-	2,020,145	1,905,398
Neighborhood parks	5,799,933	3,592,239	-	-	5,799,933	3,592,239
Swimming pools	987,682	1,050,642	-	-	987,682	1,050,642
Maintenance	4,092,473	4,705,894	-	-	4,092,473	4,705,894
Courts Plus	-	-	2,148,822	2,544,757	2,148,822	2,544,757
Total expenses	<u>23,711,342</u>	<u>22,103,226</u>	<u>2,148,822</u>	<u>2,544,757</u>	<u>25,860,164</u>	<u>24,647,983</u>
Transfers	(371,852)	(200,000)	371,852	200,000	-	-
Change in Net Position	<u>\$ 3,280,374</u>	<u>\$ 3,041,365</u>	<u>\$ -</u>	<u>\$ (30,552)</u>	<u>\$ 3,280,374</u>	<u>\$ 3,010,813</u>

Budgetary Highlights

The Park District's General Fund appropriations increased by approximately \$985,000 from prior year. The increase in appropriations is from increased mill levy value, increased fees, increased intergovernmental revenue, and increased investment earnings. Actual General Fund revenues were higher than budget by \$2,615,926. General Fund revenues from all sources were primarily higher than budget.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2020 the Park District has invested \$110,291,960 in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$2,045,010.

**Table 3
Capital Assets at December 31, 2020
(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 28,918,449	\$ 179,401	\$ 29,097,850
Construction in progress	101,706	-	101,706
Buildings	40,501,566	24,960	40,526,526
Improvements other than buildings	31,804,516	3,244,590	35,049,106
Machinery and equipment	5,192,135	324,637	5,516,772
Total	\$ 106,518,372	\$ 3,773,588	\$ 110,291,960

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for disposition of assets and depreciation.

Changes	Governmental Activities	Business-Type Activities	Total
Land	\$ 137,300	\$ -	\$ 137,300
Construction in progress	(340,723)	-	(340,723)
Buildings	(1,161,554)	(42,788)	(1,204,342)
Improvements other than buildings	(624,053)	(183,974)	(808,027)
Machinery and equipment	256,784	(86,002)	170,782
Total	\$ (1,732,246)	\$ (312,764)	\$ (2,045,010)

Table 4
Change in Capital Assets

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 108,250,618	\$ 4,086,352	\$ 112,336,970
Additions	2,569,829	70,593	2,640,422
Retirement	(515,911)	(892)	(516,803)
Depreciation	(3,786,164)	(382,465)	(4,168,629)
Ending Balance	\$ 106,518,372	\$ 3,773,588	\$ 110,291,960

Assets from governmental activities decreased by \$1,732,246. Annual depreciation of \$3,786,164 decreased net capital assets. The majority of the capital asset additions were for machinery and equipment related to the Broadway Square project.

Business-type activities assets decreased by \$312,764. Increase to capital assets were from the installation of new automatic doors and upgrade bathroom fixtures. The decrease is due to the depreciation of \$382,465 exceeding additions.

For more detailed information on the Park District's capital assets refer to Note 5 of the notes to financial statements.

Debt Outstanding

As of year-end, the Park District had \$32,864,366 in debt outstanding compared to \$36,491,857 last year. \$3,273,322 of the debt outstanding at December 31, 2020, is due within one year.

	Totals	
	2020	2019
Governmental Activities		
Notes payable	\$ 1,115,000	\$ 1,370,000
Capital leases payable	1,945,203	2,260,134
General obligation and revenue bonds	20,070,000	21,610,000
Special assessments	7,820,102	9,156,588
Compensated absences	289,345	271,180
	31,239,650	34,667,902
Business-Type Activities		
Capital leases payable	1,563,007	1,765,938
Compensated absences	61,709	58,017
	1,624,716	1,823,955
Total	\$ 32,864,366	\$ 36,491,857

For more detailed information on the Park District's debt and amortization terms refer to Note 6 of the notes to financial statements.

Request for Information

This financial report is designed to provide a general overview of the Park 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 the Director of Finance, 701 Main Avenue, Fargo, ND 58103 or visit the Park District's web site at www.fargoparks.com.

Park District of the City of Fargo
Statement of Net Position
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Valley Senior Services
Assets				
Cash and investments	\$ 24,351,877	\$ -	\$ 24,351,877	\$ 2,200,596
Restricted cash	-	-	-	176,944
Delinquent property taxes receivable	158,250	-	158,250	-
Special assessments receivable	16,953,097	-	16,953,097	-
Accounts receivable	778,029	51,017	829,046	537,371
Internal advances	662,290	(662,290)	-	-
Prepaid items	29,548	-	29,548	-
Inventories	34,514	10,698	45,212	-
	<u>42,967,605</u>	<u>(600,575)</u>	<u>42,367,030</u>	<u>2,914,911</u>
Capital assets (net of accumulated depreciation where applicable):				
Land	28,918,449	179,401	29,097,850	-
Construction in progress	101,706	-	101,706	-
Buildings	40,501,566	24,960	40,526,526	787,071
Improvements other than buildings	31,804,516	3,244,590	35,049,106	-
Machinery and equipment	5,192,135	324,637	5,516,772	437,620
	<u>106,518,372</u>	<u>3,773,588</u>	<u>110,291,960</u>	<u>1,224,691</u>
Total assets	<u>149,485,977</u>	<u>3,173,013</u>	<u>152,658,990</u>	<u>4,139,602</u>
Deferred Outflows of Resources				
Pension plans	7,562,756	-	7,562,756	-
OPEB	108,484	1,614	110,098	3,355
Total deferred outflows of resources	<u>7,671,240</u>	<u>1,614</u>	<u>7,672,854</u>	<u>3,355</u>
Liabilities				
Accounts payable	563,953	34,200	598,153	176,849
Accrued interest payable	139,487	14,124	153,611	-
Accrued payroll	173,291	38,649	211,940	54,517
Claims incurred but not reported	127,000	-	127,000	-
Unearned revenue	116,985	22,764	139,749	-
Long-term liabilities				
Due in less than one year - other than OPEB and pensions	3,065,541	207,781	3,273,322	-
Due in more than one year - other than OPEB and pensions	28,174,109	1,416,935	29,591,044	91,405
Due in more than one year - OPEB	756,704	50,572	807,276	105,143
Due in more than one year - net pension liability	11,769,945	-	11,769,945	-
Total liabilities	<u>44,887,015</u>	<u>1,785,025</u>	<u>46,672,040</u>	<u>427,914</u>
Deferred Inflows of Resources				
Pension plans	2,513,088	-	2,513,088	-
OPEB	129,257	13,040	142,297	27,111
Total deferred inflows of resources	<u>2,642,345</u>	<u>13,040</u>	<u>2,655,385</u>	<u>27,111</u>
Net Position				
Net investment in capital assets	75,568,067	2,148,872	77,716,939	1,224,691
Restricted for:				
Debt service	22,541,772	-	22,541,772	-
Capital projects	10,622,680	-	10,622,680	-
Endowment funds - spendable	-	-	-	920
Endowment funds - nonspendable	-	-	-	176,024
Assigned	-	-	-	2,100,000
Unrestricted	895,338	(772,310)	123,028	186,297
Total net position	<u>\$ 109,627,857</u>	<u>\$ 1,376,562</u>	<u>\$ 111,004,419</u>	<u>\$ 3,687,932</u>

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

Park District of the City of Fargo
Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Valley Senior Services
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental activities								
General government	\$ 5,522,902	\$ 2,076,687	\$ 58,086	\$ -	\$ (3,388,129)	\$ -	\$ (3,388,129)	\$ -
Recreation	1,127,483	316,920	30,128	-	(780,435)	-	(780,435)	-
Recurring Events	322,472	17,467	10,395	-	(294,610)	-	(294,610)	-
Concessions	298,608	240,669	-	-	(57,939)	-	(57,939)	-
Golf	3,539,644	3,130,917	-	-	(408,727)	-	(408,727)	-
Facilities	2,020,145	543,803	37,917	-	(1,438,425)	-	(1,438,425)	-
Neighborhood parks	5,799,933	857,625	-	-	(4,942,308)	-	(4,942,308)	-
Swimming pools	987,682	255,088	-	-	(732,594)	-	(732,594)	-
Maintenance	4,092,473	127,141	12,399	-	(3,952,933)	-	(3,952,933)	-
Total governmental activities	<u>23,711,342</u>	<u>7,566,317</u>	<u>148,925</u>	<u>-</u>	<u>(15,996,100)</u>	<u>-</u>	<u>(15,996,100)</u>	<u>-</u>
Business-type activities								
Courts Plus	<u>2,148,822</u>	<u>1,692,684</u>	<u>84,286</u>	<u>-</u>	<u>-</u>	<u>(371,852)</u>	<u>(371,852)</u>	<u>-</u>
Total primary government	<u>\$ 25,860,164</u>	<u>\$ 9,259,001</u>	<u>\$ 233,211</u>	<u>\$ -</u>	<u>(15,996,100)</u>	<u>(371,852)</u>	<u>(16,367,952)</u>	<u>-</u>
Component unit								
Valley Senior Services	<u>\$ 4,872,385</u>	<u>\$ 886,773</u>	<u>\$ 108,142</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,877,470)</u>
General Revenues and Transfers								
Property taxes and special assessment collections					16,502,371	-	16,502,371	-
Intergovernmental					2,827,082	-	2,827,082	5,173,615
Investment earnings					318,873	-	318,873	14,090
Transfers					(371,852)	371,852	-	-
Total general revenues and transfers					<u>19,276,474</u>	<u>371,852</u>	<u>19,648,326</u>	<u>5,187,705</u>
Change in net position					3,280,374	-	3,280,374	1,310,235
Net position - beginning					<u>106,347,483</u>	<u>1,376,562</u>	<u>107,724,045</u>	<u>2,377,697</u>
Net position - ending					<u>\$ 109,627,857</u>	<u>\$ 1,376,562</u>	<u>\$ 111,004,419</u>	<u>\$ 3,687,932</u>

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

Park District of the City of Fargo
Balance Sheet – Governmental Funds
December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and investments	\$ 8,115,313	\$ 5,582,982	\$ 10,653,582	\$ 24,351,877
Delinquent property taxes receivable	130,357	27,893	-	158,250
Special assessments receivable	-	16,953,097	-	16,953,097
Accounts receivable	778,029	-	-	778,029
Advances due from other funds	662,290	-	-	662,290
Prepaid items	29,548	-	-	29,548
Inventories	34,514	-	-	34,514
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,750,051</u>	<u>\$ 22,563,972</u>	<u>\$ 10,653,582</u>	<u>\$ 42,967,605</u>
Liabilities				
Accounts payable	\$ 533,051	\$ -	\$ 30,902	\$ 563,953
Accrued payroll	173,291	-	-	173,291
Claims incurred but not reported	127,000	-	-	127,000
Unearned revenue	116,985	-	-	116,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>950,327</u>	<u>-</u>	<u>30,902</u>	<u>981,229</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	103,747	22,200	-	125,947
Unavailable revenue - special assessments	-	16,953,097	-	16,953,097
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>103,747</u>	<u>16,975,297</u>	<u>-</u>	<u>17,079,044</u>
Fund Balance				
Nonspendable				
Advances due from other funds	662,290	-	-	662,290
Prepaid items	29,548	-	-	29,548
Inventories	34,514	-	-	34,514
Restricted for				
Debt service	-	5,588,675	-	5,588,675
Capital projects	-	-	10,622,680	10,622,680
Friends of the Depot	32,660	-	-	32,660
Assigned for				
Pension	700,483	-	-	700,483
Forestry	1,233,746	-	-	1,233,746
Insurance	145,949	-	-	145,949
Medical insurance	1,127,227	-	-	1,127,227
Unassigned	4,729,560	-	-	4,729,560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>8,695,977</u>	<u>5,588,675</u>	<u>10,622,680</u>	<u>24,907,332</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,750,051</u>	<u>\$ 22,563,972</u>	<u>\$ 10,653,582</u>	<u>\$ 42,967,605</u>

Park District of the City of Fargo
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 December 31, 2020

Total Funds Balances - Governmental Funds		\$ 24,907,332
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		106,518,372
<p>Compensated absences payable are not due and payable in the current period therefore are not reported as liabilities in the funds.</p>		(289,345)
<p>Accrued interest payable for long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		(139,487)
<p>Property taxes and specials are not considered available for current financial resources and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the levy has been certified.</p>		17,079,044
<p>Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.</p>		5,028,895
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of :</p>		
Bonds, notes and leases payable	\$ (30,950,305)	
Net pension liability	(11,769,945)	
Other post employment benefits payable	(756,704)	(43,476,954)
Total Net Position - Governmental Activities		\$ 109,627,857

Park District of the City of Fargo
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes	\$ 13,865,048	\$ 4,290,134	\$ -	\$ 18,155,182
Special assessment collections	-	864,358	-	864,358
Intergovernmental revenue	2,811,421	-	126,808	2,938,229
Charges for services and contributions	6,300,197	-	-	6,300,197
Interest	318,873	-	-	318,873
Grants, trusts and donations	12,053	-	10,225	22,278
Other	283,077	4,203	420,706	707,986
Total revenues	<u>23,590,669</u>	<u>5,158,695</u>	<u>557,739</u>	<u>29,307,103</u>
Expenditures				
Current				
Wages and salaries	10,760,415	-	-	10,760,415
Other	5,216,428	87,377	11,599	5,315,404
Capital outlay	1,472,337	-	764,506	2,236,843
Other expenses	-	-	5,296	5,296
Special assessment additions	-	960,683	-	960,683
Debt service				
Principal	569,931	3,837,169	-	4,407,100
Interest and fiscal charges	71,181	949,679	-	1,020,860
Total expenditures	<u>18,090,292</u>	<u>5,834,908</u>	<u>781,401</u>	<u>24,706,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,500,377	(676,213)	(223,662)	4,600,502
Other Financing Sources (Uses)				
Special assessments financed	-	960,683	-	960,683
Transfers	(2,020,895)	-	1,649,043	(371,852)
Total other financing sources (uses)	<u>(2,020,895)</u>	<u>960,683</u>	<u>1,649,043</u>	<u>588,831</u>
Net Change in Fund Balances	3,479,482	284,470	1,425,381	5,189,333
Fund Balances, Beginning of Year	<u>5,216,495</u>	<u>5,304,205</u>	<u>9,197,299</u>	<u>19,717,999</u>
Fund Balances, End of Year	<u>\$ 8,695,977</u>	<u>\$ 5,588,675</u>	<u>\$ 10,622,680</u>	<u>\$ 24,907,332</u>

Park District of the City of Fargo

Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2020

Net Change in Funds Balances - Total Governmental Funds		\$ 5,189,333
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are		
Capital outlay		2,169,829
Depreciation expense		(3,786,164)
The net effect of the disposal of capital assets is to decrease net position		(115,911)
Property taxes and specials are not considered available for current financial resources and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the levy has been certified.		
Current period balance	\$ 17,079,044	
Prior period balance	(18,596,896)	
Current year effect	<u> </u>	(1,517,852)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid).		
Current period balance	(289,345)	
Prior period balance	271,180	
Current year effect	<u> </u>	(18,165)
Interest payable is reported in the government wide statements of net position but is not recorded in the governmental funds.		
Current period balance	(139,487)	
Prior period balance	120,550	
Current year effect	<u> </u>	(18,937)
In the statement of activities OPEB liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
Current period balance	(777,477)	
Prior period balance	510,916	
Current year effect	<u> </u>	(266,561)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.		(1,801,615)
Debt proceeds are recognized as revenue in the governmental funds but not on the statement of net position. In the current period these amounts consist of:		
Special assessments financed		(960,683)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the statement of net position. In the current period these amounts consist of:		
Bond principal retirement		<u>4,407,100</u>
Change in Net Position of Governmental Activities		<u>\$ 3,280,374</u>

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

Park District of the City of Fargo

Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 13,530,776	\$ 13,530,776	\$ 13,865,048	\$ 334,272
Intergovernmental revenue	2,807,850	2,207,850	2,811,421	603,571
Charges for services and contributions	4,916,567	4,916,567	6,300,197	1,383,630
Interest	210,000	210,000	318,873	108,873
Grants, trusts and donations	44,800	44,800	12,053	(32,747)
Other	64,750	64,750	283,077	218,327
Total revenues	<u>21,574,743</u>	<u>20,974,743</u>	<u>23,590,669</u>	<u>2,615,926</u>
Expenditures				
Current				
Wages and salaries	10,443,556	10,097,608	10,760,415	(662,807)
Other	6,349,884	6,057,894	5,216,428	841,466
Capital outlay	2,257,834	1,971,584	1,472,337	499,247
Debt service				
Principal	535,967	535,967	569,931	(33,964)
Interest and fiscal charges	113,130	113,130	71,181	41,949
Total expenditures	<u>19,700,371</u>	<u>18,776,183</u>	<u>18,090,292</u>	<u>685,891</u>
Excess of Revenues over Expenditures	1,874,372	2,198,560	5,500,377	3,301,817
Other Financing Uses				
Transfers out	<u>(1,867,411)</u>	<u>(303,011)</u>	<u>(2,020,895)</u>	<u>(1,717,884)</u>
Net Change in Fund Balances	<u>\$ 6,961</u>	<u>\$ 1,895,549</u>	3,479,482	<u>\$ 1,583,933</u>
Fund Balance, Beginning of Year			<u>5,216,495</u>	
Fund Balance, End of Year			<u>\$ 8,695,977</u>	

Park District of the City of Fargo
Statement of Net Position – Courts Plus Proprietary Fund
December 31, 2020

Assets		
Current Assets		
Accounts receivable		\$ 51,017
Inventories		10,698
		<u>61,715</u>
Total current assets		<u>61,715</u>
Capital Assets, Net of Accumulated Depreciation Where Applicable		
Land		179,401
Buildings		24,960
Improvements other than buildings		3,244,590
Machinery and equipment		324,637
		<u>3,773,588</u>
Total capital assets		<u>3,773,588</u>
Total assets		<u>3,835,303</u>
Deferred Outflows of Resources		
OPEB		1,614
		<u>1,614</u>
Liabilities		
Accounts payable		34,200
Advances due to other funds		662,290
Accrued interest payable		14,124
Accrued payroll		38,649
Unearned revenue		22,764
Long-term liabilities		
Due in less than one year - other than OPEB		207,781
Due in more than one year - other than OPEB		1,416,935
Due in more than one year - OPEB		50,572
		<u>2,447,315</u>
Total liabilities		<u>2,447,315</u>
Deferred Inflows of Resources		
OPEB		13,040
		<u>13,040</u>
Net Position		
Net investment in capital assets		2,148,872
Unrestricted		(772,310)
		<u>(772,310)</u>
Total net position		<u>\$ 1,376,562</u>

Park District of the City of Fargo
Statement of Revenue, Expenses and Changes in Net Position – Courts Plus Proprietary Fund
Year Ended December 31, 2020

Operating Revenues	
Charges for services - membership	\$ 980,382
Charges for services - programs	520,328
Charges for services - other	<u>276,260</u>
Total operating revenues	<u>1,776,970</u>
Operating Expenses	
Wages and salaries	1,091,065
Depreciation	382,465
Other	<u>634,168</u>
Total operating expenses	<u>2,107,698</u>
Operating Loss	(330,728)
Nonoperating Expenses	
Interest expense	(40,232)
Loss on disposal of assets	<u>(892)</u>
Total nonoperating expenses	<u>(41,124)</u>
Loss Before Transfers In	(371,852)
Transfers In	<u>371,852</u>
Change in Net Position	-
Total Net Position, Beginning of Year	<u>1,376,562</u>
Total Net Position, End of Year	<u><u>\$ 1,376,562</u></u>

Park District of the City of Fargo
Statement of Cash Flows – Courts Plus Proprietary Fund
Year Ended December 31, 2020

Operating Activities	
Charges for services - membership	\$ 1,013,537
Charges for services - programs	520,328
Charges for services - other	276,260
Payments to employees	(1,065,281)
Payments to other vendors	(669,671)
	75,173
Noncapital Financing Activities	
Transfers received from other funds	371,852
Advances paid to other funds	(131,295)
	240,557
Capital and Related Financing Activities	
Principal payments on leases	(202,931)
Interest paid	(42,206)
Acquisition of capital assets	(70,593)
	(315,730)
Net Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	\$ -
Reconciliation of Operating Loss to Net	
Cash From Operating Activities	
Operating loss	\$ (330,728)
Adjustments to reconcile operating loss	
to net cash from operating activities	
Depreciation	382,465
Changes in assets and liabilities	
Accounts receivable	10,391
Inventories	(2,046)
Deferred outflows	1,095
Unearned revenue	22,764
Accounts payable	(33,457)
Accrued payroll	8,574
Compensated absences	3,692
OPEB obligations	1,142
Deferred inflows	11,281
	11,281
Net cash from operating activities	\$ 75,173

Note 1 - Purpose and Administration

The Park District of the City of Fargo (the “Park District”) was created by resolution of the Board of Commissioners of the City of Fargo, Article 19-01 of the Revised Ordinance of 1965. The resolution accepts the provisions, benefits and all amendments of Sections 40-49-02 through 40-49-18, both inclusive, of the North Dakota Century Code. Accordingly, the Park District of the City of Fargo consists of a five-member board elected at regular municipal elections. It is empowered to exercise all powers relative to the operation, maintenance and management of sites or areas devoted to use and accommodation of the public. Such powers include the right to acquire property, construct or improve park property, pass ordinances necessary and requisite to carry into effect the powers granted to the Park Board Commissioners, issue negotiable bonds and borrow money to defray expenses.

Note 2 - Summary of Significant Accounting Policies

Reporting Entity

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

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

1. able to impose its will on that organization or
2. there is potential for the organization to provide specific financial benefits to or impose financial burdens on the Park District. The Park District may be financially accountable if an organization is fiscally dependent on the Park District.

Based upon the above criteria, the financial statements of Valley Senior Services are discretely presented in the accompanying financial statements. The Park District is accountable for fiscal matters and designates management of the commission. The Park District is not includable as a component unit within another reporting entity.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of government’s finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Tax and other items not properly included among program revenues are reported instead as general revenues.

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

The accounts of the Park District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounts for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus, Basis of Accounting

The government-wide and business-type fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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. Under this method, 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 Park 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, intergovernmental revenue, permits, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual the major revenues that are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are collected in 60 days. All other revenue items are considered to be measurable and available only when the Park District receives cash.

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.

Debt Service Fund – The debt service fund is used to account for annual payments of principal and interest on long-term general obligation debt.

Capital Projects Fund – The capital projects fund is used to account for financial resources used for the construction of major capital assets.

The Park District reports the following major proprietary fund:

Courts Plus – This fund is used to account for the activities of the public athletic club doing business as Courts Plus.

Amounts reported as program revenues include: 1) amounts received from those who purchase, use or directly benefit from a program; 2) amounts received from parties outside the Park District that are restricted to one or more specific programs; and 3) earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Park District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When resources from more than one category are available for use, it is the Park District's policy to use restricted resources first, then committed, then assigned, and lastly, unrestricted resources as they are needed.

Other Significant Accounting Policies

Budgets

The Park District follows these procedures in establishing the budgetary data reflected in the financial statements:

- At the August board meeting, the Finance Director submits to the Board of Park Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- The final budget must be adopted on or before October 7 and submitted to the county by October 10.
- Budgets are prepared on a basis which is not materially different from the modified accrual (GAAP) basis.
- The legal level of control is at the fund level.
- Formal budgetary integration is employed as a management control device during the period for the general fund and Valley Senior Services
- Encumbrance accounting is employed in governmental funds. Encumbrances lapse at the end of the year.
- Unencumbered appropriations lapse at year-end.

Cash and Cash Equivalents

Cash and cash equivalents are for the purpose of GASB Statement No. 9 include cash, demand deposits and certificates of deposit with original maturities of three months or less.

Receivables and Credit Policy

Accounts receivables are uncollateralized customer obligations due under normal terms requiring payment within 30 days from the invoice date. No allowance for uncollectible accounts has been recorded. After 30 days uncollected receivables are notified that services will no longer be provided for payment of delinquencies.

For governmental activities, should payment not be received after 180 days the account balance is turned over to a collection agency. The only receivables expected to be collected within one year are property taxes.

For business-type activities, should payment not be received after 90 days the account balance is turned over to a collection agency and the account is written-off.

Prepaid Items

Certain cash payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

The costs of inventory items are recognized as expenditures in governmental funds when used and expenses in proprietary funds when used. The inventories are presented on an average cost basis.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Park District as assets with an initial, individual cost equal to or greater than \$5,000. Donated 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 lives are not capitalized.

Property, plant and equipment of the government are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	10-50
Improvements other than building	10-20
Vehicles	3-10
Equipment	5-10
Office Equipment	5-10
Computer Equipment	3-10

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement Systems (NDPERS) and the City of Fargo Employees’ Pension Plan and additions to/deductions from NDPERS’ and the City of Fargo Employees’ Pension Plan’s fiduciary net position have been determined on the same basis as they are reported by NDPERS and the City of Fargo Employees’ Pension Plan. 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 Postemployment Benefits

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.

Under the provisions of the various employee contracts the Park District provides access to health coverage until age 65 if certain criteria are met. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75, at December 31, 2019.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Park District has four items that qualify for reporting in this category. They are the contributions made to pension plans and other postemployment benefits after the measurement date and prior to the fiscal year-end, changes in the net pension liability not included in pension expense reported in the government-wide statement of net position and changes in the net OPEB liability not included in other postemployment expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflows of resources (revenue) until that time. The Park District has three types of items that qualify for reporting in this category. The Park District reports unavailable revenues from property taxes and special assessments on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are changes in the net position liability and other postemployment benefits liability not included in pension expense and OPEB expense reported on the government-wide statement of net position and statement of net position – Courts Plus proprietary fund.

Compensated Absences

All regular employees are entitled to vacation time with pay based upon length of continuous service. Annual vacation leave may not be accumulated in excess of 240 hours. Upon termination, employees are compensated for unused vacation leave. As of December 31, 2020, accrued vacation was immaterial and did not exceed a normal year's accumulation.

Park District employees can accumulate up to 120 days of sick leave. Unused sick leave will not be paid on termination of employment and cannot be used as vacation.

Accumulated unpaid vested sick leave is accrued when incurred in government-wide and proprietary fund financial statements. Such amounts, other than the current portion, are not accrued in governmental funds, but are recorded in the governmental activities in the government-wide statements.

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deemed to be immaterial.

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 discounts 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.

Fund Balance

The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the Park District itself, using its highest level of decision-making authority (i.e., Board of Park Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance – amounts the Park District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Park Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows in the Park District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Note 3 - Cash and Investments**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to the Park District. At year-end, the Park District's deposits were covered by federal depository insurance or by collateral held in the Park District's name.

Cash Equivalents

At year-end, the Park District's Negotiated Savings are as per the schedule below. The bank balance is covered by federal depository insurance or by collateral held in the Park District's name. The Valley Senior Services also has restricted cash of \$176,944 held at the Fargo-Moorhead Area Foundation in an endowment fund. Of the total amount of restricted cash, \$920 is spendable and the remainder is nonspendable.

Investments

Statutes authorize the Park District to invest in a) bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress, b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the federal deposit insurance corporation or the state, d) obligations of the state. As of December 31, 2020, the Park District's investments were Certificates of Deposit with a maturity date of less than 1 year with a fair value equivalent to the carrying value.

Interest Rate Risk

The Park District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

North Dakota Century Code limits the type of investments that can be purchased by the Park District. The investment must have pledged collateral or be backed by the Federal Government. Examples would be U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Strips, etc.

The Park District can enter into short and long-term investments. A short term will be defined as investments with a maturity of less than eighteen months. A long term will be defined as investments with a term in excess of eighteen months. All long-term investments will require approval by the Finance Committee prior to purchasing the investment. The Director of Finance is responsible for selecting and purchasing short term investments.

The Park District’s (including the Component Unit) cash and investments at December 31, 2020, are as follows:

	Carrying Value	
Primary Government		
Cash		
Petty cash	\$ 6,527	
Demand Deposits and Negotiated Savings	13,248,230	\$ 13,254,757
Investments		
Certificates of Deposit		11,097,120
		24,351,877
Component Unit		
Cash		
Petty cash	475	
Demand deposits	2,200,121	
Senior Service Endowment Funds	176,944	2,377,540
Total		\$ 26,729,417

Note 4 - Property Tax

All real estate is assessed on the current value as of February 1 of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date.

A five percent reduction of the taxes is allowed if the taxes are paid in full by February 15. Penalty and interest are added on March 1, if the first half of the taxes is not paid. Additional penalty and interest are added October 15 to those taxes which are not paid.

Taxes are collected by the Cass County Treasurer and remitted to the Park District on a monthly basis by the Cass County Auditor.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 28,781,149	\$ 537,300	\$ (400,000)	\$ 28,918,449
Construction in progress	442,429	173,470	(514,193)	101,706
Capital assets, not being depreciated	<u>29,223,578</u>	<u>710,770</u>	<u>(914,193)</u>	<u>29,020,155</u>
Capital assets, being depreciated				
Buildings	61,458,827	367,638	(71,739)	61,754,726
Improvements other than buildings	42,345,584	890,631	(37,016)	43,199,199
Machinery and equipment	14,169,917	1,114,983	(348,288)	14,936,612
Capital assets, being depreciated	<u>117,974,328</u>	<u>2,373,252</u>	<u>(457,043)</u>	<u>119,890,537</u>
Less accumulated depreciation for				
Buildings	(19,795,707)	(1,526,158)	68,705	(21,253,160)
Improvements other than buildings	(9,917,015)	(1,514,809)	37,141	(11,394,683)
Machinery and equipment	(9,234,566)	(745,197)	235,286	(9,744,477)
	<u>(38,947,288)</u>	<u>(3,786,164)</u>	<u>341,132</u>	<u>(42,392,320)</u>
Net capital assets, depreciated	<u>79,027,040</u>	<u>(1,412,912)</u>	<u>(115,911)</u>	<u>77,498,217</u>
Total capital assets, net	<u>\$ 108,250,618</u>	<u>\$ (702,142)</u>	<u>\$ (1,030,104)</u>	<u>\$ 106,518,372</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 179,401	\$ -	\$ -	\$ 179,401
Capital assets, being depreciated				
Buildings	1,283,652	-	-	1,283,652
Improvements other than buildings	6,131,333	70,593	-	6,201,926
Machinery and equipment	1,180,564	-	(29,831)	1,150,733
Capital assets, being depreciated	<u>8,595,549</u>	<u>70,593</u>	<u>(29,831)</u>	<u>8,636,311</u>
Less accumulated depreciation for				
Buildings	(1,215,904)	(42,788)	-	(1,258,692)
Improvements other than buildings	(2,702,769)	(254,567)	-	(2,957,336)
Machinery and equipment	(769,925)	(85,110)	28,939	(826,096)
Total accumulated depreciation	<u>(4,688,598)</u>	<u>(382,465)</u>	<u>28,939</u>	<u>(5,042,124)</u>
Net capital assets, depreciated	<u>3,906,951</u>	<u>(311,872)</u>	<u>(892)</u>	<u>3,594,187</u>
Total capital assets, net	<u>\$ 4,086,352</u>	<u>\$ (311,872)</u>	<u>\$ (892)</u>	<u>\$ 3,773,588</u>

Depreciation expense for the year ended December 31, 2020 was charged to the following functions/programs:

Governmental activities	
General government	\$ 51,007
Recreation	36,747
Golf	591,434
Facilities	880,628
Neighborhood parks	1,428,535
Swimming pools	158,380
Maintenance	<u>639,433</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,786,164</u></u>
Business-type activities	
Courts Plus	<u><u>\$ 382,465</u></u>

Capital asset activity for the Valley Senior Services (Component Unit) for year ended December 31, 2020 is as follows:

	Balance 1/1/2020	Additions	Deletions	Transfers	Balance 12/31/2020
Component Unit					
Capital assets, being depreciated					
Buildings	\$ 1,167,350	\$ -	\$ -	\$ 186,843	\$ 1,354,193
Machinery and equipment	<u>1,174,978</u>	<u>84,917</u>	<u>-</u>	<u>(186,843)</u>	<u>1,073,052</u>
Capital assets, being depreciated	<u>2,342,328</u>	<u>84,917</u>	<u>-</u>	<u>-</u>	<u>2,427,245</u>
Less accumulated depreciation for					
Buildings	(586,829)	(56,682)	-	76,389	(567,122)
Machinery and equipment	<u>(451,882)</u>	<u>(107,161)</u>	<u>-</u>	<u>(76,389)</u>	<u>(635,432)</u>
Total accumulated depreciation	<u>(1,038,711)</u>	<u>(163,843)</u>	<u>-</u>	<u>-</u>	<u>(1,202,554)</u>
Net capital assets, net	<u><u>\$ 1,303,617</u></u>	<u><u>\$ (78,926)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,224,691</u></u>

Note 6 - Long-Term Debt

	Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020	Due Within One Year
Governmental Activities					
Notes payable	\$ 1,370,000	\$ -	\$ (255,000)	\$ 1,115,000	\$ 270,000
Capital leases payable - direct borrowing	2,260,134	-	(314,931)	1,945,203	303,126
General obligation and refunding improvement bonds	21,610,000	-	(1,540,000)	20,070,000	1,570,000
Special assessments	9,156,588	960,683	(2,297,169)	7,820,102	922,415
Compensated absences	271,180	276,390	(258,225)	289,345	-
	<u>\$ 34,667,902</u>	<u>\$ 1,237,073</u>	<u>\$ (4,665,325)</u>	<u>\$ 31,239,650</u>	<u>\$ 3,065,541</u>
	Balance 12/31/2011	Additions	Retirements	Balance 12/31/2020	Due Within One Year
Business-Type Activities					
Capital leases payable - direct borrowing	\$ 1,765,938	\$ -	\$ (202,931)	\$ 1,563,007	\$ 207,781
Compensated absences	58,017	46,850	(43,158)	61,709	-
	<u>\$ 1,823,955</u>	<u>\$ 46,850</u>	<u>\$ (246,089)</u>	<u>\$ 1,624,716</u>	<u>\$ 207,781</u>
Component Unit					
Compensated absences	\$ 83,851	\$ 66,392	\$ (58,838)	\$ 91,405	\$ -

Notes Payable

Payee	Interest Rate	Maturity Date	Final Balance 12/31/2020
Governmental Activities Fargo Public Schools	4.80%	05/01/24	<u>\$ 1,115,000</u>

Future maturities on notes payable:

	Principal	Interest	Total
2021	\$ 270,000	\$ 29,400	\$ 299,400
2022	275,000	21,225	296,225
2023	280,000	12,900	292,900
2024	290,000	4,350	294,350
	<u>\$ 1,115,000</u>	<u>\$ 67,875</u>	<u>\$ 1,182,875</u>

Park District of the City of Fargo

Notes to Financial Statements

December 31, 2020

Capital Leases Payable – Direct Borrowing

Payee	Effective Interest Rate	Final Maturity	Balance 12/31/2020 Present Value
Governmental Activities			
US Bank - Osgood 9 hole golf course	1.61%	05/01/23	\$ 585,000
Kinetic Leasing, Inc., Park Maintenance Facility	2.65%	04/01/31	1,360,203
			1,945,203
Business-Type Activities			
Courts Plus Lease - fitness equipment, roof, and indoor playground equipment	2.39%	08/15/27	1,563,007
			\$ 3,508,210

Capital assets and related accumulated depreciation under capital lease are as follows:

	Governmental Activities	Business-type Activities
Land (non-depreciable)	\$ 1,715,876	\$ -
Buildings	2,280,561	3,628,183
Improvements other than building	552,338	-
Machinery and equipment	120,147	-
Less accumulated depreciation	(1,021,595)	(1,390,559)
Total	\$ 3,647,327	\$ 2,237,624

The present value of future minimum lease payments is as follows:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2021	\$ 303,126	\$ 45,077	\$ 207,781	\$ 37,356	\$ 593,340
2022	300,992	38,842	212,747	32,390	584,971
2023	313,933	32,239	217,832	27,305	591,309
2024	116,952	27,220	223,038	22,099	389,309
2025	120,051	24,121	228,368	16,769	389,309
2026 - 2030	649,698	71,162	473,241	17,033	1,211,134
2031	140,451	3,721	-	-	144,172
	\$ 1,945,203	\$ 242,382	\$ 1,563,007	\$ 152,952	\$ 3,903,544

General Obligation Bonds

Issue	Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding Debt 12/31/2020
Governmental Activities					
Refunding Improvement 2010-1	08/10/10	11/01/25	3.04%	\$ 675,000	\$ 260,000
Refunding Improvement 2013	09/12/13	11/01/32	3.00%-4.00%	955,000	670,000
Refunding Improvement 2013	09/12/13	11/01/39	3.00%-4.63%	700,000	580,000
Refunding Improvement 2014	05/01/14	05/01/39	2.31%	9,760,000	6,060,000
Refunding Improvement 2015	09/01/15	11/01/40	3.50%	1,545,000	1,335,000
Refunding Improvement 2016	09/01/16	05/01/41	2.00%-3.00%	5,435,000	4,675,000
Refunding Improvement 2017A	10/10/17	05/01/42	3.00%-3.25%	1,285,000	1,190,000
General Obligation Refunding 2017B	10/10/17	04/01/29	3.00%	3,310,000	2,535,000
Refunding Improvement 2018A	10/02/18	05/01/43	3.00%-4.00%	2,290,000	2,165,000
Refunding Improvement 2019A	10/10/19	05/01/37	2.54%	635,000	600,000
				<u>\$ 26,590,000</u>	<u>\$ 20,070,000</u>

Future maturities on general obligations and revenue bonds:

	Principal	Interest	Total
2021	\$ 1,570,000	\$ 553,564	\$ 2,123,564
2022	1,595,000	506,180	2,101,180
2023	1,640,000	461,755	2,101,755
2024	1,705,000	419,139	2,124,139
2025	1,735,000	374,189	2,109,189
2026 - 2030	5,085,000	1,350,224	6,435,224
2031 - 2035	3,055,000	827,641	3,882,641
2036 - 2040	2,930,000	353,444	3,283,444
2041 - 2043	755,000	28,479	783,479
	<u>\$ 20,070,000</u>	<u>\$ 4,874,615</u>	<u>\$ 24,944,615</u>

Special Assessments

Uncertified special assessments of \$7,820,102 are due to the City of Fargo on various properties owned by the Park District. Principal and interest payments on the special assessments are recorded in the debt service fund.

The Park District had special assessments of \$960,683 levied in 2020 by the City of Fargo for multiple properties added by the Park District in 2020. Specials are due at various dates through 2043.

For Governmental Activities, payments on notes and capital lease obligations are made from the general fund, while payments on special assessments and general obligation bonds are made from the debt service fund. For Business-Type Activities lease obligation payments are made by Courts Plus.

Compensated Absences

This amount consists of payments for vacation and sick pay benefits that will be paid out as discussed in Note 2. Governmental activity compensated absences are liquidated from the General Fund. Business-type activity compensated absences are liquidated from the Courts Plus Fund.

Note 7 - Other Post-Employment Benefits

The Park District of the City of Fargo provides two other post-employment benefit plans. OPEB liabilities are liquidated from the General Fund for governmental activities and Courts Plus for business-type activities. Disclosures relating to these plans are as follows:

North Dakota Public Employees Retirement System**A. Plan Description**

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 NDPERS, 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.

B. Benefits Provided

The employer contribution for the NDPERS, 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 NDPERS, 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.

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

At December 31, 2020, the Park District reported a liability of \$289,290 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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 the Park District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the Park District's proportion was 0.343902 percent, which was an increase of 0.011215 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Park District recognized OPEB expense of \$204,456. At December 31, 2020, 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	\$ 6,423	\$ 6,936
Changes of assumptions	38,788	-
Net difference between projected and actual earnings on OPEB plan investments	9,948	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,061	1,799
Employer contributions subsequent to the measurement date	13,349	-
Total	<u>\$ 93,569</u>	<u>\$ 8,735</u>

The \$13,349 reported as deferred outflows of resources related to OPEB resulting from Park District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021.

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

<u>Year Ended December 31,</u>		
2021	\$	14,865
2022		17,436
2023		16,964
2024		14,396
2025		7,105
Thereafter		719

D. Actuarial Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	N/A
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Large cap cosmetic equities	33.00%	6.10%
Small cap domestic equities	6.00%	7.00%
Domestic fixed income	40.00%	1.15%
International equities	21.00%	6.45%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. 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.

F. Sensitivity of the 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, 2020, calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Employer's proportionate share of the OPEB liability	\$ 379,410	\$ 289,290	\$ 213,081

The benefit provided by the NDPERS OPEB plan is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a sensitivity analysis was not performed

Fargo Park District Health Insurance Plan

A. Plan Description

The Fargo Park District Health Insurance Plan is a single-employer plan, covering employees of the Park District and its component unit. The plan is administered by Blue Cross Blue Shield of North Dakota. Benefit terms are established and amended by the Board of Commissioners.

All employees are allowed to participate in the Park District's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions allow the retired employee to participate in the Park District health insurance benefit at the same contribution level as current employees. The benefit is only available if the employee retires between the ages of 62 to 65. Once the employee reaches the age of 65, they are no longer eligible for the benefit.

B. Benefits Provided

Eligible participants and their dependents have access to other post-employment benefits of blended medical premiums of \$564 for single coverage, \$1,004 for single +1 coverage, and \$1,500 for family coverage. The implicit rate subsidy is only until Medicare eligibility.

C. Employees Covered by Benefit Terms

At the valuation date of December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees electing coverage	107
Active employees waiving coverage	<u>17</u>
	<u><u>125</u></u>

D. Total OPEB Liability

The Park District’s total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

E. Actuarial Assumptions

The total OPEB liability in the December 31, 2019, measurement was determined as using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Discount rate	2.75 percent
Healthcare cost trend rates	6.20 percent in FY2020, gradually decreasing over several decades to an ultimate rate of 4.00% in FY2075 and later years.
Mortality	Base RP-2014 no-collartable adjusted to 2006. Generational projection using scale MP-2019 was applied to these base rates after 2006.

The actuarial assumptions used in the December 31, 2019, measurements were based on the results of an actuarial experience study as of December 31, 2019.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the index rate for 20-year, tax-exempt municipal bonds.

F. Changes in the Total OPEB Liability

Balance at January 1, 2020		\$	717,117
Changes from the Prior Year			
Service Cost			67,939
Interest Cost			28,506
Assumption Changes			(123,853)
Differences between Expected and Actual Experience			(33,156)
Benefit Payments			(33,424)
			(93,988)
Net Change			(93,988)
Balance at December 31, 2020		\$	623,129

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trends Rate

The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	1.75%	2.75%	3.75%
Total OPEB Liability	\$ 667,406	\$ 623,129	\$ 579,720

The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current healthcare trend rates:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical trend rate	5.20%, gradually decreasing to 3.00%	6.20%, gradually decreasing to 4.00%	7.20%, gradually decreasing to 5.00%
Total OPEB Liability	\$ 545,659	\$ 623,129	\$ 715,761

H. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Park District recognized OPEB expense of \$77,681. At December 31, 2020, 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
Difference between expected and actual liability	\$ -	\$ 29,283
Changes of assumptions	16,275	131,390
Contributions between measurement date and reporting date	3,609	-
Total	\$ 19,884	\$ 160,673

The \$3,609 reported as deferred outflows of resources arising from contributions between the measurement date and reporting date will be recognized as OPEB expense in the year ended December 31, 2021. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Years Ended December 31,	OPEB Expense Amount
2021	\$ (18,764)
2022	(18,764)
2023	(18,764)
2024	(18,764)
2025	(18,764)
Thereafter	(50,578)

Total of All OPEB Plans

OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for all OPEB plans in which the Park District participates are included in the financial statements as follows:

	Primary Government		Valley Senior Services	Total
	Governmental Activities	Courts Plus		
OPEB Liability				
NDPERS	\$ 289,290	\$ -	\$ -	\$ 289,290
Fargo Park District	<u>467,414</u>	<u>50,572</u>	<u>105,143</u>	<u>623,129</u>
	<u>\$ 756,704</u>	<u>\$ 50,572</u>	<u>\$ 105,143</u>	<u>\$ 912,419</u>
Deferred Outflows of Resources				
NDPERS	\$ 93,569	\$ -	\$ -	\$ 93,569
Fargo Park District	<u>14,915</u>	<u>1,614</u>	<u>3,355</u>	<u>19,884</u>
	<u>\$ 108,484</u>	<u>\$ 1,614</u>	<u>\$ 3,355</u>	<u>\$ 113,453</u>
Deferred Inflows of Resources				
NDPERS	\$ 8,735	\$ -	\$ -	\$ 8,735
Fargo Park District	<u>120,522</u>	<u>13,040</u>	<u>27,111</u>	<u>160,673</u>
	<u>\$ 129,257</u>	<u>\$ 13,040</u>	<u>\$ 27,111</u>	<u>\$ 169,408</u>
OPEB Expense				
NDPERS	\$ 204,456	\$ -	\$ -	\$ 204,456
Fargo Park District	<u>71,702</u>	<u>12,437</u>	<u>(6,458)</u>	<u>77,681</u>
	<u>\$ 276,158</u>	<u>\$ 12,437</u>	<u>\$ (6,458)</u>	<u>\$ 282,137</u>

Note 8 - Defined Benefit Pension Plans

The Park District of the City of Fargo provides two defined pension plans that are considered a supplemental plan. On April 1, 2008 all Park District full-time benefited employees were allowed to remain with the City of Fargo Pension Plan or enroll with the North Dakota Public Employee Retirement System. All benefited employees hired after March 31, 2008 are required to participate with North Dakota Public Employee Retirement System. Pension liabilities are liquidated from the General Fund for governmental activities. Disclosures relating to these plans are as follows:

City of Fargo Pension Plan

A. Plan Description

The Park District's pension plan is a cost-sharing multiple employer public employee retirement system. The plan, the Fargo City Employees' Pension Plan, is integrated with social security and, therefore, is considered a supplemental plan. The plan administrator is the City of Fargo. All full-time Park District employees are eligible for participation in the pension plan. The payroll for the employees covered by the pension plan for the year ended December 31, 2020 was \$2,151,422.

As of January 1, 1986, participation in the plan is mandatory for new hires. Prior to this, employees were given the option to participate. As a result, not all current Park District employees are members of the pension plan.

Membership in the plan on December 31, 2020, is as follows:

Retirees and beneficiaries currently receiving pension payments	24
Terminated vested	11

B. Benefits Provided

The City of Fargo Pension plan provides retirement, disability, and death benefits. Benefit provisions are established by the City of Fargo and can only be modified by the City of Fargo.

Pension Plan Benefits

Participants are fully vested in the plan after five years of full-time employment. Upon termination of employment prior to retirement age, participants may elect a deferred vested benefit to begin between ages 55 - 65. Non-vested participants are eligible for a full refund of the contributions plus interest at 5%. Vested participants that terminate can elect to receive a deferred vested benefit or a lump sum payment. Lump sum settlements are allowable up to age 55. Lump sum payments are computed as the greater of the actuarial value of plan assets or the "cash balance" in their plan account. The cash balance consists of the employee contributions, plus half of the employers' contribution since January 1, 1990, plus interest at 5%.

Death and Disability Benefits

Employees may be eligible for early, normal or disability retirement. The plan permits early retirements at age 55 with at least 10 years of service. Normal retirement age for full benefits is age 65.

Employee death benefits of \$20,000 are paid to a designated beneficiary for a participant who dies prior to retirement. If a participant dies after retirement, the designated beneficiary will receive a \$3,000 death benefit.

C. Contributions

Participant employees contribute to the plan at a rate of 6.5% of salary and the employers contribute at a rate of 8.0% of regular salary for all employees including non-participants. The contribution rates are established by local ordinance, and the employer contribution rate set by the Fargo City Commission. For the year ended December 31, 2020, contributions totaled \$70,073 and \$81,282 for employees and the Park District, respectively.

Detailed information about the contributions to the City of Fargo Pension Plan is available in a separately issued City of Fargo Pension Plan report.

D. Pension Costs

At December 31, 2020, the Park District reported an asset of \$10,993 for its proportionate share of the City of Fargo Pension Plan's net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net pension liability was based on the Park District's contributions received by the City of Fargo Pension Plan during the measurement period for employer payroll paid dates from January 1, 2020 through December 31, 2020, relative to the total plan contributions received from the City of Fargo. At December 31, 2020 the Employer's proportion was 11.23 percent, which was an increase of 0.16 percent from December 31, 2019.

For the year ended December 31, 2020, the Park District recognized pension revenue of \$204,116. At December 31, 2020, the Park District reported deferred outflows of resource and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,083	\$ 18,457
Changes of assumptions	-	34,394
Net difference between projected and actual earnings on pension plan investments	-	650,613
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>44,182</u>	<u>168,593</u>
Total	<u>\$ 52,265</u>	<u>\$ 872,057</u>

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

<u>Year Ended December 31,</u>	
2021	\$ (223,823)
2022	(170,801)
2023	(291,181)
2024	(133,987)

E. Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	2.50-5.00%, based on age
Investment rate of return	7.25%, net of investment expenses
Index rate	2.00%

For active members, inactive members and healthy retirees, mortality rates were based on the PubG-2010 General mortality tables with generational projection using scale MP-2020.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2020. They are the same as the assumptions used in the December 31, 2020, funding actuarial valuation for the City of Fargo Pension Plan.

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 asset class estimates are combined to produce the portfolio long-term expected rate of return. This is accomplished by weighting the expected future real arithmetic rates of return by the current asset allocation percentage (or target allocation, if available); adjusting for the difference between arithmetic and geometric average returns; and adding expected inflation (2.50%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	20.00%	6.44%
Domestic equity - small/mid cap	10.00%	7.14%
International equity - developed	7.50%	7.06%
International equity - emerging	5.00%	8.24%
Domestic fixed income - core	7.50%	2.53%
Domestic fixed income - long duration	2.50%	2.61%
Domestic fixed income - high yield	5.00%	4.82%
International fixed income - developed	5.00%	1.41%
International fixed income - emerging	2.50%	5.27%
Cash equivalents	5.00%	1.53%
Inflation protected securities	5.00%	2.03%
Real estate	7.50%	6.01%
Hedge funds	5.00%	5.05%
Commodities	2.50%	3.34%
Infrastructure	2.50%	7.15%
Private Equity	5.00%	9.29%
Private Debt	2.50%	7.81%
Totals	100.00%	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of December 31, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the December 31, 2020, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of December 31, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2020.

G. Pension Liability Sensitivity

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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%)
Employer's proportionate share of the net pension liability (asset)	\$ 663,791	\$ (10,993)	\$ (591,326)

H. Pension Plan Fiduciary Net Position

Detailed information about the City of Fargo Pension Plan’s fiduciary net position is available in a separately issued City of Fargo Pension Plan report. That report may be obtained by writing to the City of Fargo at 200 3rd St N, Fargo, North Dakota 58102; or by calling (701)-241-1333.

North Dakota Public Employee Retirement System

A. Plan Descriptions

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.

B. Benefits Provided**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.

C. 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

D. Pension Costs

At December 31, 2020, the Park District reported a liability of \$11,780,938 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net pension liability was based on the Park District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2020 the Park District's proportion was 0.3745 percent, which was an increase of 0.0176 percent from its proportion measured as of July 1, 2019.

For the year ended December 31, 2020, the Park District recognized pension expense of \$2,378,671. At December 31, 2020, 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	\$ 45,848	\$ 596,951
Changes of assumptions	6,315,326	1,044,080
Net difference between projected and actual earnings on pension plan investments	380,229	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	603,752	-
Employer contributions subsequent to the measurement date	165,336	-
	<u>7,510,491</u>	<u>1,641,031</u>
Total	<u>\$ 7,510,491</u>	<u>\$ 1,641,031</u>

The \$165,336 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2021.

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

<u>Year Ended December 31,</u>	
2021	\$ 1,769,587
2022	1,501,703
2023	1,177,700
2024	1,255,134

E. Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.5% to 17.75% including inflation
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 sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30.00%	6.30%
International equity	21.00%	6.85%
Private equity	7.00%	9.75%
Domestic fixed income	23.00%	1.25%
International fixed income	0.00%	0.00%
Global real assets	19.00%	5.01%
Cash equivalents	0.00%	0.00%

F. Discount Rate

For NDPERS, 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 NDPERS 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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

G. Pension Liability Sensitivity

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 4.64 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 (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
Employer's proportionate share of the net pension liability	\$ 15,284,882	\$ 11,780,938	\$ 8,913,858

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. The report may be obtained on the internet at www.nd.gov/ndpers/employers/gasb-info.html; by writing NDPERS at 400 E Broadway Ave Suite 505, PO Box 1657, Bismarck ND 58502-1657; or by calling (701) 328-3900 or 1-800-803-7377.

Total of All Pension Plans

Net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for all pension plans in which the Park District participates are included in the financial statements as follows:

Primary Government	Governmental Activities
Pension Liability	
City of Fargo	\$ (10,993)
NDPERS	11,780,938
	\$ 11,769,945
 Deferred Outflows of Resources	
City of Fargo	\$ 52,265
NDPERS	7,510,491
	\$ 7,562,756
 Deferred Inflows of Resources	
City of Fargo	\$ 872,057
NDPERS	1,641,031
	\$ 2,513,088
 Pension Expense	
City of Fargo	\$ (204,456)
NDPERS	2,378,671
	\$ 2,174,215

Note 9 - Interfund Advances and Transfers

Total advances due to the General Fund as of December 31, 2020 were \$662,290 and are due from Courts Plus. There is currently no formal repayment schedule.

During the year ended December 31, 2020, the General Fund transferred \$1,649,043 to the Capital Projects Fund for current and future planned capital projects and \$371,852 to the Courts Plus Fund to cover the operating loss.

Note 10 - Operating Leases

The Park District leased all golf carts from Yamaha Golf & Utility Vehicles. The concessions lease agreement commenced with the 2017 golf season and terminated at the close of the 2020 golf season. Under the agreement, 37% of the gross revenue on golf carts was remitted to the lessor. Total expense for the rental of golf carts for the year ended December 31, 2020 was \$162,601. Due to the lease payment being contingent upon the renting of golf carts, there are no minimum lease payments recognized.

Effective January 1, 2021, the Park District entered into a new lease agreement with All Season Motorsports. Under this agreement, 33% of gross revenue on golf carts is remitted to the lessor. This agreement is through December 31, 2023. No payments were made for the year ended December 31, 2020. Due to the lease payment being contingent upon the renting of golf carts, there are no minimum lease payments recognized.

The Park District leases space for the Osgood Pro Shop from Osgood Investments, LLC. The original lease agreement commences in 2005 with a ten-year term and was automatically renewed on January 1, 2018. The annual rent for the pro shop space is based on a triple net lease. Total annual rental expense for the Osgood Pro Shop for the year ended December 31, 2020 was \$56,186.

The Park District leases space for Valley Senior Services from El Zagal Holding Company. The lease agreement commenced on September 1, 2015 with a ten-year term. The lease has a one-time, five-year option to renew at market value. Total annual rental expense for the Valley Senior Services building for the year ended December 31, 2020 was \$33,917.

The future minimum lease payments on operating leases are as follows:

2021	\$	35,750
2022		35,750
2023		35,750
2024		35,750
2025		35,750
		<u>35,750</u>
	\$	<u>178,750</u>

Note 11 - Medical Self-Insurance

The Park District is self-insured with respect to certain employee medical costs. The Park District implemented the self-insurance medical plan January 1, 2006. Terms of the plan include a stop-loss provision which limits the Park District's liability to \$75,000 per individual or approximately \$1,468,041 in aggregate annually. The following is the activity for the year ended December 31, 2020:

Claims incurred but not reported at beginning of year	\$	85,000
Claims incurred		926,813
Claims paid		<u>(884,813)</u>
Claims incurred but not reported at end of year	\$	<u>127,000</u>

Note 12 - Risk Management

The Park 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 Park District's risk management program encompasses obtaining property and liability insurance through the North Dakota Insurance Reserve Fund, North Dakota Fire and Tornado Fund, and the State Bonding Fund. The Park District has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the Park District in the above funds is limited to payment of premiums. At the end of the year, the Park District did not have any significant claims.

The Park District also provides workers compensation insurance on its employees through the North Dakota Workforce Safety and Insurance. At the end of the year, the Park District believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

Note 13 - Commitments

Construction

As of December 31, 2020, the Park District had commitments on multiple projects, totaling approximately \$460,000. These projects are expected to be completed in 2021.

Note 14 - Joint Power Agreement with other Governmental Entities

The Park District has joint power agreements with the Fargo Public Schools for shared facilities. The Park District and School District have similar needs of facilities and have joined in the funding, maintenance and usage of facilities located in the City of Fargo. The joint power agreements provide easements to both governmental entities allowing for access and placement of capital assets. The agreements provide for shared costs of construction and maintenance, assignment of responsibility of maintenance and how the two entities will share in capital repair and replacement of the facilities covered by the joint power agreements.

Note 15 - Related Organizations

Fargo Park District Foundation

The Fargo Park District Foundation is a 501(c)(3) entity having separate legal standing from the Park District. The Park District appoints two members of the organization's governing board, a minority amount of the total amount of board members, and there is no fiscal dependence by the organization on the Park District. The Park District provides administrative services to the organization and does not charge for this assistance. There were no contributions provided to the Park District during the year ended December 31, 2020.

Valley Senior Services Foundation

The Valley Senior Services Foundation is a 501(c)(3) entity having separate legal standing from the discretely presented component unit of the Park District, Valley Senior Services. Valley Senior Services appoints two members of the organization's governing board, a minority amount of the total amount of board members, and there is no fiscal dependence by the organization on Valley Senior Services. The Park District and Valley Senior Services provide administrative services to the organization and do not charge for this assistance. There were no contributions provided to Valley Senior Services during the year ended December 31, 2020.

Note 16 - Subsequent Event

Subsequent to year-end, the Park District sold a portion of the Anderson Softball Complex land to a private developer. The sale occurred in January of 2021 in the amount of \$6,000,000.



Required Supplementary Information
December 31, 2020

Park District of the City of Fargo

Park District of the City of Fargo
Schedule of Employer's Share of Net OPEB Liability and Related Ratios
December 31, 2020

Schedule of Employer's Share of Net OPEB Liability; Last 10 Fiscal Years*

North Dakota Public Employees Retirement System

Total OPEB Liability

Service cost	\$ 13,900
Interest	53,298
Changes of assumptions	15,036
Differences between expected and actual experience	1,082
Benefit payments	<u>(42,359)</u>
Net change in total OPEB liability	40,958
Total OPEB Liability - Beginning	<u>749,125</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 790,083</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 46,056
Employee contributions	56
Contribution - service credit repurchase	1,914
OPEB plan net investment income	23,746
Benefit payments	(42,359)
OPEB plan administrative expense	(1,561)
Transfers and other income	<u>33</u>
Net Change in Plan Fiduciary Net Position	27,886
Plan Fiduciary Net Position - Beginning	<u>472,908</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 500,793</u></u>
Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 289,290</u></u>

Plan Fiduciary Net Position as a Percentage	63.38%
Covered payroll	\$ 3,920,379
Net OPEB liability as a percentage of covered payroll	7.38%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which information is available.

Notes to Schedule of Employer's Share of Net OPEB Liability and Related Ratios

2020

Changes of benefit terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

Park District of the City of Fargo
 Schedule of Changes in the Park District's Total OPEB Liability and Related Ratios
 December 31, 2020

Schedule of Changes in the Park District's Total OPEB Liability and Related Ratios, Last 10 Fiscal years*

Fargo Park District Health Insurance Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 67,939	\$ 68,851	\$ 61,015
Interest	28,506	24,492	25,028
Changes of assumptions	(123,853)	(29,026)	25,539
Differences between expected and actual experience	(33,156)	-	-
Benefit payments	<u>(33,424)</u>	<u>(36,590)</u>	<u>(36,139)</u>
Net change in total OPEB liability	(93,988)	27,727	75,443
Total OPEB liability - beginning	<u>717,117</u>	<u>689,390</u>	<u>613,947</u>
Total OPEB liability - ending	<u><u>\$ 623,129</u></u>	<u><u>\$ 717,117</u></u>	<u><u>\$ 689,390</u></u>
Covered payroll	\$ 6,585,575	\$ 6,284,568	\$ 5,873,528
Total OPEB liability as a percentage of covered payroll	9.5%	11.4%	11.7%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which information is available.

Notes to the Schedule of Changes in the Park District's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

2020

Assumption changes

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost insurance plans.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- The mortality projection scale was updated from MP-2017 to MP-2019 to reflect recently-published mortality rates.
- Withdrawal, retirement, and salary scale rates for City participants were updated to the rates used in the 2015-2019 Actuarial Experience Study for the City of Fargo Employees' Pension Plan.
- The percent of future retirees assumed to elect coverage at retirement changed from 100% to 90% to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019

Assumption changes

- None

2018

Assumption changes

- None

Park District of the City of Fargo
Schedule of Employer's Share of Net Pension Liability
December 31, 2020

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
City of Fargo Pension Plan	12/31/2020	11.23%	\$ (10,993)	\$ 2,151,422	-0.5%	100.2%
City of Fargo Pension Plan	12/31/2019	11.07%	\$ 785,456	\$ 2,357,204	33.3%	88.2%
City of Fargo Pension Plan	12/31/2018	12.15%	\$ 1,785,110	\$ 2,427,364	73.5%	75.2%
City of Fargo Pension Plan	12/31/2017	10.73%	\$ 1,071,680	\$ 2,326,752	46.1%	82.8%
City of Fargo Pension Plan	12/31/2016	10.04%	\$ 1,468,596	\$ 2,599,184	56.5%	74.1%
City of Fargo Pension Plan	12/31/2015	10.56%	\$ 1,732,437	\$ 2,730,717	63.4%	70.8%
NDPERS	6/30/2020	0.3745%	\$ 11,780,938	\$ 4,130,865	285.2%	48.9%
NDPERS	6/30/2019	0.3569%	\$ 4,183,056	\$ 3,712,310	112.7%	71.7%
NDPERS	6/30/2018	0.3362%	\$ 5,672,999	\$ 3,453,384	164.3%	62.8%
NDPERS	6/30/2017	0.3066%	\$ 4,928,470	\$ 3,130,157	157.5%	70.5%
NDPERS	6/30/2016	0.2372%	\$ 2,311,609	\$ 2,390,278	96.7%	70.5%
NDPERS	6/30/2015	0.2224%	\$ 1,511,942	\$ 1,980,866	76.3%	77.2%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which it is available.

Park District of the City of Fargo
 Schedule of Employer's Contributions
 December 31, 2020

<u>Pension Plan</u>	<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered- Payroll (c)</u>	<u>Contributions as a Percentage of Covered- Payroll (b/c)</u>
City of Fargo Pension Plan	12/31/2020	\$ 247,625	\$ 81,282	\$ 166,343	\$ 2,151,422	3.8%
City of Fargo Pension Plan	12/31/2019	\$ 292,138	\$ 295,107	\$ (2,969)	\$ 2,357,204	12.5%
City of Fargo Pension Plan	12/31/2018	\$ 212,010	\$ 201,386	\$ 10,624	\$ 2,427,364	8.3%
City of Fargo Pension Plan	12/31/2017	\$ 242,716	\$ 226,331	\$ 16,385	\$ 2,326,752	9.7%
City of Fargo Pension Plan	12/31/2016	\$ 233,338	\$ 185,188	\$ 48,150	\$ 2,599,184	7.1%
City of Fargo Pension Plan	12/31/2015	\$ 209,247	\$ 154,258	\$ 54,989	\$ 2,730,717	5.6%
NDPERS	12/31/2020	\$ 292,501	\$ 290,357	\$ 2,144	\$ 4,130,865	7.0%
NDPERS	12/31/2019	\$ 270,277	\$ 259,559	\$ 10,718	\$ 3,712,310	7.0%
NDPERS	12/31/2018	\$ 254,357	\$ 243,475	\$ 10,882	\$ 3,453,384	7.1%
NDPERS	12/31/2017	\$ 226,975	\$ 202,726	\$ 24,249	\$ 3,130,157	6.5%
NDPERS	12/31/2016	\$ 173,052	\$ 164,318	\$ 8,734	\$ 2,390,278	6.9%
NDPERS	12/31/2015	\$ 150,463	\$ 141,237	\$ 9,226	\$ 2,154,119	6.6%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which it is available.

NDPERS**2020***Changes of benefit terms.*

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (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, 2019.

Changes of assumptions.

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

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019*Changes of benefit terms.*

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.

Changes of assumptions.

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.

2018*Changes of benefit terms.*

None

Changes of assumptions.

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2017*Changes of benefit terms.*

None

Changes of assumptions.

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2016*Changes of benefit terms.*

None

Changes of assumptions.

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2016 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2015*Changes of benefit terms.*

None

Changes of assumptions.

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

City of Fargo Pension Plan

2020

Changes of assumptions.

- Salary scale was changes from 2.5% to an age-based table based on historical experience and current pay scale information
- When actual spouse birthdates are not available, the spouse age assumption was updated to assume female beneficiaries are two years younger and male beneficiaries two years older to reflect recent experience.
- The mortality table was updated to the PubG-2010 General mortality tables projected generationally with MP-2020 to reflect the most recently published tables.
- The withdrawal table adjustment factor was reduced from 50% to 30% based on recent experience to reflect lower turnover.
- Retirement rates were updated based on recent retiree experience to reflect later retirements.
- The assumed payment form for future NDPERS retirees on or after early retirement eligibility was updated to: 80% elect a life annuity and 20% elect a 100% joint & survivor annuity. Prior to early retirement eligibility, we assume that 50% elect a lump sum and 50% choose a deferred annuity according to the election percentages above.
- Expected expenses are now rounded to nearest \$1,000 for simplification.

2019

Changes of assumptions.

- None

2018

Changes of assumptions.

- The mortality improvement scale was updated from MP-2017 to MP-2018 to reflect recently published longevity assumptions.
- The inflation assumption was updated from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

2017

Changes of assumptions.

- The mortality improvement scale was updated from MP-2016 to MP-2017 to reflect recently published longevity assumptions.

2016

Changes of assumptions.

- The mortality improvement scale was updated from MP-2015 to MP-2016 to reflect recently published longevity assumptions.
- Salary scale was changed from 3.0% to 2.5% based on the City's pay grade/step scale and historical experience for active members currently earning benefits in the plan.
- Retirement rates were updated based on recent retiree experience.

2015

Changes of assumptions.

- The discount rate changed from 7.50% to 7.25% to reflect an updated expected asset return assumption.
- The expected long-term rate of return on assets changes from 7.50% to 7.25% to reflect updated capital market assumptions.
- Mortality was updated from the RP-2014 no-collar, annuitant/non-annuitant tables with projection scale MP-2014 to the adjusted RP-2014 table with MP-2015 projection scale to reflect the most recently published table.
- The withdrawal assumption was updated to the SOA 2003 small plan age-based table with a 50% reduction factor. This change was made to reflect the trend of NDPERS employees terminating prior to early retirement eligibility and electing a lump sum payment.
- The pre-retirement form of payment assumption for NDPERS transfers was updated to reflect both lump sum and annuity elections. This change was made to reflect the trend of NDPERS employees terminating prior to early retirement eligibility and electing a lump sum payment.



Other Supplementary Information
December 31, 2020

Park District of the City of Fargo

Park District of the City of Fargo
Balance Sheet – Modified Accrual Basis – Valley Senior Services
December 31, 2020

Assets

Cash and investments	\$ 2,200,596
Restricted cash	176,944
Accounts receivable	<u>537,371</u>
Total assets	<u><u>\$ 2,914,911</u></u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 176,849
Accrued payroll	<u>54,517</u>
Total liabilities	<u>231,366</u>

Fund Balance

Restricted for	
Endowment funds - spendable	920
Endowment funds - nonspendable	176,024
Assigned for	
Vehicle replacement	100,000
Senior center	2,000,000
Unassigned	<u>406,601</u>
Total fund balance	<u>2,683,545</u>
Total liabilities and fund balance	<u><u>\$ 2,914,911</u></u>

Park District of the City of Fargo
 Statements of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual – Modified Accrual Basis – Valley Senior Services
 December 31, 2020

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Taxes	\$ 1,600,000	\$ 1,840,844	\$ 240,844
Intergovernmental revenue	2,494,781	3,340,208	845,427
Charges for services and contributions	920,300	884,495	(35,805)
Interest	-	14,090	14,090
Grants, trusts and donations	20,000	61,800	41,800
Other	3,000	41,338	38,338
Total revenues	<u>5,038,081</u>	<u>6,182,775</u>	<u>1,144,694</u>
Expenditures			
Current			
Wages and salaries	2,744,323	2,573,850	170,473
Other	1,835,900	2,126,529	(290,629)
Capital	<u>10,000</u>	<u>100,728</u>	<u>(90,728)</u>
Total expenditures	<u>4,590,223</u>	<u>4,801,107</u>	<u>(210,884)</u>
Net Change in Fund Balance	<u>\$ 447,858</u>	1,381,668	<u>\$ 933,810</u>
Fund Balance, Beginning of Year		<u>1,301,877</u>	
Fund Balance, End of Year		<u>\$ 2,683,545</u>	



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2020

Park District of the City of Fargo

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*..... 1

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditure of Federal Awards..... 6

Notes to the Schedule of Expenditures of Federal Awards 7

Schedule of Findings and Questioned Costs 8



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
Park District of the City of Fargo
Fargo, North Dakota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Park District of the City of Fargo (the “Park District”) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Park District’s basic financial statements, and have issued our report thereon dated May 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Park District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Park District's Response to Finding

The Park District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 purposes.



Fargo, North Dakota
May 10, 2021



**Independent Auditor's Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of
Federal Awards Required by the *Uniform Guidance***

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

Report on Compliance for the Major Federal Program

We have audited the Park District of the City of Fargo's (the Park District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Park District's major federal program for the year ended December 31, 2020. The Park District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Park District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Park District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Park District's compliance.

Opinion on the Major Federal Program

In our opinion, the Park District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Park District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Park District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Park District's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, and each major fund of the Park District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Park District’s basic financial statements. We issued our report thereon dated May 10, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Fargo, North Dakota
May 10, 2021

Park District of the City of Fargo
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Health and Human Services			
Passed Through North Dakota Department of Human Services			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-11250	\$ 29,449
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-11250	890,316
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-11666	326,245
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-11666	662,810
Nutrition Services Incentive Program	93.053	190-09073	<u>200,493</u>
Total Department of Health and Human Services/ Total Aging Cluster			\$ 2,109,313
Department of Transportation			
Passed Through North Dakota Department of Transportation			
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-19-1001	174,644
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-20-1046	<u>230,339</u>
Total Department of Transportation			404,983
Department of Homeland Security			
Passed Through North Dakota Department of Emergency Services			
Disaster Grants - Public Assistance	97.036	ND-DR-4553	18,006
Disaster Grants - Public Assistance	97.036	ND-DR-4444	<u>109,013</u>
Total Department of Homeland Security			127,019
Department of Treasury			
Passed Through North Dakota Department of Commerce			
COVID-19 - Coronavirus Relief Fund	21.019	Unknown	<u>178,047</u>
Total Department of Treasury			178,047
Department of Agriculture			
Passed Through North Dakota Department of Forest Service			
Cooperative Forestry Assistance	10.664	2020-ATBTP-001	<u>9,080</u>
Total Department of Agriculture			9,080
Department of Energy			
Passed Through North Dakota Department of Commerce			
State Energy Program	81.041	DE-EE0008661	<u>10,000</u>
Total Department of Treasury			10,000
Department of Labor			
Passed Through Job Service of North Dakota			
COVID-19 - Unemployment Insurance Program	17.225	599409	<u>53,320</u>
Total Department of Labor			<u>53,320</u>
Total Federal Financial Assistance			<u>\$ 2,891,762</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Park District of the City of Fargo (the Park District) under programs of the federal government for the year ended December 31, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Park District, it is not intended to and does not present the financial position, changes in net assets or fund balance, or cash flows of the Park District.

Note 2 – Summary of Significant Accounting Policies

The discretely presented component unit accounts for the Park District's federal grant activity. Expenditures reported in the schedule are reported on the full accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 – Indirect Cost Rate

The Park District does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
Aging Cluster	93.045 / 93.053
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2020-001 Preparation of Financial Statements and Schedule of Expenditures of Federal Awards
Significant Deficiency**

Criteria – A good system of internal accounting control contemplates an adequate system the ability to internally prepare their financial statements and schedule of expenditures of federal awards.

Condition – The Park District does not have an internal control system designed to provide for the preparation of the financial statements and schedule of expenditures of federal awards being audited. The auditors were requested to, and did, draft the Park District’s financial statements and accompanying notes to the financial statements and schedule of expenditures of federal awards.

Cause – The Park District does not have an internal control system designed to provide for the preparation of the financial statements and schedule of expenditures of federal awards being audited.

Effect – This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected, and the financial disclosures in the financial statements and schedule of expenditures of federal awards could be incomplete.

Recommendation – It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials – *There is no disagreement with the audit finding.*

Section III – Federal Award Findings and Questioned Costs

None Reported



Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
December 31, 2020

Prepared by Management of
Park District of the City of Fargo

**Finding 2019-001 Preparation of Schedule of Expenditures of Federal Awards and the Financial Statements Including Proposed Journal Entries
Material Weakness**

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: Eide Bailly LLP proposed numerous material audit adjustments that would not have been identified as a result of the Park District's existing internal controls, and therefore could have resulted in a material misstatement of the Park District's financial statements. Eide Bailly LLP also prepared our draft financial statements and accompanying notes to the financial statements and schedule of expenditures of federal awards that would not have been prepared as a result of the Park District's existing internal controls, and therefore could have resulted in a material misstatement of the Park District's financial statements.

Status: Ongoing. The Park District does not find to be cost effective to hire additional staff. See finding 2020-001.

**Finding 2020-001 Preparation of Schedule of Expenditures of Federal Awards and the Financial Statements
Significant Deficiency**

Finding Summary: Eide Bailly LLP prepared our draft financial statements and accompanying notes to the financial statements and schedule of expenditures of federal awards that would not have been prepared as a result of the Park District's existing internal controls, and therefore could have resulted in a misstatement of the Park District's financial statements.

Responsible Individuals: Broc Lietz, Finance Director

Corrective Action Plan: We have hired additional staff that have the capabilities to prepare and review the financial statements and accompanying notes and schedule of expenditures of federal awards going forward.

Anticipated Completion Date: December 31, 2021