



Financial Statements
December 31, 2021

Park District of the City of Fargo

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Park District of the City of Fargo
Commissioners and Officers
December 31, 2021

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Vicki Dawson	President	June 2022
Dawn Morgan	Vice President	June 2024
Joe Deutsch	Commissioner	June 2022
Jerry Rostad	Commissioner	June 2024
Stacey Griggs	Commissioner	June 2022
Dave Leker	Clerk and Secretary	
Broc Lietz	Treasurer	
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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2021, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2021, 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 accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's share of net OPEB liability and related ratios, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park District's basic financial statements. The combining statement of net position – discretely presented component units, combining statements of revenues, expenses and changes in net position – discretely presented component units, balance sheet – modified accrual basis – Valley Senior Services, and statement of revenues, expenditures and changes in fund balance – budget and actual – modified accrual basis – Valley Senior Services, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position – discretely presented component units, combining statements of revenues, expenses and changes in net position – discretely presented component units, balance sheet – modified accrual basis – Valley Senior Services, and statement of revenues, expenditures and changes in fund balance – budget and actual – modified accrual basis – Valley Senior Services are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022, 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 Saelly LLP".

Fargo, North Dakota
May 5, 2022

This discussion and analysis present 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.

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 13).

Financial Highlights

The Park District's governmental net position increased by \$16,711,107 from multiple areas. The largest increase in revenues were related to the Golf Course fees and additional tax collections. In addition, the Park District received \$6,205,624 in sales of capital assets in 2021.

The Park District's business-type net position increased by \$103,694. During the year, Courts Plus had an increase in revenue due to an increase in membership revenue received in 2021.

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, Fargo Park District Foundation and Valley Senior Services Foundation, which are discretely presented component units of the Park District. Provided for the reader is a separate statement of net position and statement of revenues, expenses and changes in net position for the component units.

Park District as A Whole

Statement of Net Position at December 31, 2021

During fiscal year 2021 the governmental activities net position increased by \$16,711,107 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, 2021

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, as well as gains recorded for sales of capital assets.

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

The \$103,694 increase in net position during the year is from revenues exceeding expenses. The increase in revenues was a result of an increase in charges for services collected.

Table 1
Statement of Net Position
December 31, 2021
With Comparative Amounts for 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 53,522,265	\$ 42,967,605	\$ (428,947)	\$ (600,575)	\$ 53,093,318	\$ 42,367,030
Capital assets	109,575,646	106,518,372	3,491,796	3,773,588	113,067,442	110,291,960
Total assets	<u>163,097,911</u>	<u>149,485,977</u>	<u>3,062,849</u>	<u>3,173,013</u>	<u>166,160,760</u>	<u>152,658,990</u>
Deferred Outflows of Resources	<u>5,638,055</u>	<u>7,671,240</u>	<u>4,240</u>	<u>1,614</u>	<u>5,642,295</u>	<u>7,672,854</u>
Liabilities						
Current liabilities	1,226,854	1,120,716	97,955	109,737	1,324,809	1,230,453
Long-term liabilities	32,223,703	43,766,299	1,477,067	1,675,288	33,700,770	45,441,587
Total liabilities	<u>33,450,557</u>	<u>44,887,015</u>	<u>1,575,022</u>	<u>1,785,025</u>	<u>35,025,579</u>	<u>46,672,040</u>
Deferred Inflows of Resources	<u>8,946,445</u>	<u>2,642,345</u>	<u>11,811</u>	<u>13,040</u>	<u>8,958,256</u>	<u>2,655,385</u>
Net Position (Deficit)						
Net investment in capital assets	81,973,954	75,568,067	2,136,570	2,148,872	84,110,524	77,716,939
Restricted for						
Debt service	22,473,496	22,541,772	-	-	22,473,496	22,541,772
Specific projects and programs	19,045,130	10,622,680	-	-	19,045,130	10,622,680
Unrestricted	<u>2,846,384</u>	<u>895,338</u>	<u>(656,314)</u>	<u>(772,310)</u>	<u>2,190,070</u>	<u>123,028</u>
Total net position	<u>\$ 126,338,964</u>	<u>\$ 109,627,857</u>	<u>\$ 1,480,256</u>	<u>\$ 1,376,562</u>	<u>\$ 127,819,220</u>	<u>\$ 111,004,419</u>

Table 2
Statement of Activities
Year Ending December 31, 2021
With Comparative Amounts for 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for services	\$ 7,023,197	\$ 7,566,317	\$ 2,227,978	\$ 1,692,684	\$ 9,251,175	\$ 9,259,001
Operating grants and contributions	171,536	148,925	20,250	84,286	191,786	233,211
Capital grants and contributions	1,376,381	-	50,000	-	1,426,381	-
General Revenues						
Property taxes	17,300,230	16,502,371	-	-	17,300,230	16,502,371
Intergovernmental	3,004,834	2,827,082	-	-	3,004,834	2,827,082
Investment earnings	95,177	318,873	-	-	95,177	318,873
Gain on sale/disposal/swap of capital assets	9,700,444	-	-	-	9,700,444	-
Total revenues	<u>38,671,799</u>	<u>27,363,568</u>	<u>2,298,228</u>	<u>1,776,970</u>	<u>40,970,027</u>	<u>29,140,538</u>
Expenses						
General government	3,682,895	5,522,902	-	-	3,682,895	5,522,902
Recreation	1,214,359	1,127,483	-	-	1,214,359	1,127,483
Recurring Events	772,220	322,472	-	-	772,220	322,472
Concessions	433,977	298,608	-	-	433,977	298,608
Golf	3,915,057	3,539,644	-	-	3,915,057	3,539,644
Facilities	2,586,520	2,020,145	-	-	2,586,520	2,020,145
Neighborhood parks	3,935,075	5,799,933	-	-	3,935,075	5,799,933
Swimming pools	1,278,669	987,682	-	-	1,278,669	987,682
Maintenance	4,141,920	4,092,473	-	-	4,141,920	4,092,473
Courts Plus	-	-	2,194,534	2,148,822	2,194,534	2,148,822
Total expenses	<u>21,960,692</u>	<u>23,711,342</u>	<u>2,194,534</u>	<u>2,148,822</u>	<u>24,155,226</u>	<u>25,860,164</u>
Transfers	-	(371,852)	-	371,852	-	-
Change in Net Position	<u>\$ 16,711,107</u>	<u>\$ 3,280,374</u>	<u>\$ 103,694</u>	<u>\$ -</u>	<u>\$ 16,814,801</u>	<u>\$ 3,280,374</u>

Budgetary Highlights

The Park District's General Fund appropriations increased by approximately \$931,000 from prior year. The increase in appropriations is from increased mill levy value, increased fees, and increased intergovernmental revenue. Actual General Fund revenues were higher than budget by \$3,736,148 and General Fund expenditures were lower than budget by \$575,191.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2021 the Park District has invested \$113,067,442 in capital assets as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$2,775,482.

**Table 3
Capital Assets at December 31, 2021
(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 32,336,599	\$ 179,401	\$ 32,516,000
Construction in progress	1,548,155	-	1,548,155
Buildings	39,098,988	-	39,098,988
Improvements other than buildings	31,624,967	3,062,745	34,687,712
Machinery and equipment	4,966,937	249,650	5,216,587
Total	\$ 109,575,646	\$ 3,491,796	\$ 113,067,442

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	\$ 3,418,150	\$ -	\$ 3,418,150
Construction in progress	1,446,449	-	1,446,449
Buildings	(1,402,578)	(24,960)	(1,427,538)
Improvements other than buildings	(179,549)	(181,845)	(361,394)
Machinery and equipment	(225,198)	(74,987)	(300,185)
Total	\$ 3,057,274	\$ (281,792)	\$ 2,775,482

Table 4
Change in Capital Assets

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 106,518,372	\$ 3,773,588	\$ 110,291,960
Additions	7,714,759	80,278	7,795,037
Retirement	(803,060)	-	(803,060)
Depreciation	(3,854,425)	(362,070)	(4,216,495)
Ending Balance	\$ 109,575,646	\$ 3,491,796	\$ 113,067,442

Assets from governmental activities increased by \$3,057,274. Annual depreciation of \$3,854,425 decreased net capital assets. The majority of the capital asset additions were for park and infrastructure improvements, machinery and equipment purchases, and land purchased for the Fargo Sports Complex project.

Business-type activities assets decreased by \$281,792. The decrease is due to depreciation of \$362,070 exceeding additions of \$80,278 for the installation of new automatic doors and upgrade bathroom fixtures.

For more detailed information on the Park District's capital assets refer to Note 6 of the notes to financial statements.

Debt Outstanding

As of year-end, the Park District had \$29,328,077 in debt outstanding compared to \$32,864,366 last year. \$3,668,265 of the debt outstanding at December 31, 2021, is due within one year.

	Totals	
	2021	2020
Governmental Activities		
Notes payable	\$ 845,000	\$ 1,115,000
Capital leases payable	1,642,077	1,945,203
General obligation and refunding improvement bonds	18,565,000	20,070,000
Special assessments	6,549,615	7,820,102
Compensated absences	310,275	289,345
	27,911,967	31,239,650
Business-Type Activities		
Capital leases payable	1,355,226	1,563,007
Compensated absences	60,884	61,709
	1,416,110	1,624,716
Total	\$ 29,328,077	\$ 32,864,366

For more detailed information on the Park District's debt and amortization terms refer to Note 7 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 37,146,669	\$ -	\$ 37,146,669	\$ 4,552,800
Restricted cash	-	-	-	194,678
Delinquent property taxes receivable	133,618	-	133,618	-
Special assessments receivable	15,291,650	-	15,291,650	-
Accounts receivable	357,305	101,873	459,178	648,708
Pledges receivable	-	-	-	23,382,300
Internal advances	534,487	(534,487)	-	-
Prepaid items	16,737	-	16,737	13
Inventories	41,799	3,667	45,466	-
	<u>53,522,265</u>	<u>(428,947)</u>	<u>53,093,318</u>	<u>28,778,499</u>
Capital assets (net of accumulated depreciation where applicable):				
Land	32,336,599	179,401	32,516,000	-
Construction in progress	1,548,155	-	1,548,155	-
Buildings	39,098,988	-	39,098,988	812,445
Improvements other than buildings	31,624,967	3,062,745	34,687,712	-
Machinery and equipment	4,966,937	249,650	5,216,587	373,396
	<u>109,575,646</u>	<u>3,491,796</u>	<u>113,067,442</u>	<u>1,185,841</u>
Total assets	<u>163,097,911</u>	<u>3,062,849</u>	<u>166,160,760</u>	<u>29,964,340</u>
Deferred Outflows of Resources				
Pension plans	5,499,170	-	5,499,170	-
OPEB	138,885	4,240	143,125	9,742
Total deferred outflows of resources	<u>5,638,055</u>	<u>4,240</u>	<u>5,642,295</u>	<u>9,742</u>
Liabilities				
Accounts payable	669,412	43,815	713,227	184,140
Retainage payable	22,556	-	22,556	-
Accrued interest payable	117,761	12,246	130,007	-
Accrued payroll	214,976	39,965	254,941	72,253
Claims incurred but not reported	117,000	-	117,000	-
Unearned revenue	85,149	1,929	87,078	-
Donations received in advance	-	-	-	19,805,800
Long-term liabilities				
Due in less than one year - other than OPEB and pensions	3,394,634	273,631	3,668,265	98,215
Due in more than one year - other than OPEB and pensions	24,517,333	1,142,479	25,659,812	-
Due in more than one year - OPEB	746,092	60,957	807,049	140,056
Due in more than one year - pensions	3,565,644	-	3,565,644	-
Total liabilities	<u>33,450,557</u>	<u>1,575,022</u>	<u>35,025,579</u>	<u>20,300,464</u>
Deferred Inflows of Resources				
Pension plans	8,764,199	-	8,764,199	-
OPEB	182,246	11,811	194,057	27,138
Total deferred inflows of resources	<u>8,946,445</u>	<u>11,811</u>	<u>8,958,256</u>	<u>27,138</u>
Net Position				
Net investment in capital assets	81,973,954	2,136,570	84,110,524	1,185,841
Restricted for:				
Debt service	22,473,496	-	22,473,496	-
Capital projects	19,045,130	-	19,045,130	-
Endowment funds	-	-	-	194,678
Fargo Sports Complex	-	-	-	3,803,945
Senior services	-	-	-	903,543
Unrestricted	2,846,384	(656,314)	2,190,070	3,558,473
Total net position	<u>\$ 126,338,964</u>	<u>\$ 1,480,256</u>	<u>\$ 127,819,220</u>	<u>\$ 9,646,480</u>

Park District of the City of Fargo
Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental activities								
General government	\$ 3,682,895	\$ 666,825	\$ 63,020	\$ 1,376,381	\$ (1,576,669)	\$ -	\$ (1,576,669)	\$ -
Recreation	1,214,359	479,311	5,198	-	(729,850)	-	(729,850)	-
Recurring Events	772,220	170,984	60,377	-	(540,859)	-	(540,859)	-
Concessions	433,977	373,519	15,000	-	(45,458)	-	(45,458)	-
Golf	3,915,057	3,908,049	-	-	(7,008)	-	(7,008)	-
Facilities	2,586,520	477,258	-	-	(2,109,262)	-	(2,109,262)	-
Neighborhood parks	3,935,075	421,588	20,513	-	(3,492,974)	-	(3,492,974)	-
Swimming pools	1,278,669	377,300	-	-	(901,369)	-	(901,369)	-
Maintenance	4,141,920	148,363	7,428	-	(3,986,129)	-	(3,986,129)	-
Total governmental activities	21,960,692	7,023,197	171,536	1,376,381	(13,389,578)	-	(13,389,578)	-
Business-type activities								
Courts Plus	2,194,534	2,227,978	20,250	50,000	-	103,694	103,694	-
Total primary government	\$ 24,155,226	\$ 9,251,175	\$ 191,786	\$ 1,426,381	(13,389,578)	103,694	(13,285,884)	-
Component units								
Valley Senior Services	\$ 5,240,353	\$ 890,820	\$ 128,584	\$ -	-	-	-	(4,220,949)
Fargo Park District Foundation	27,406	-	3,810,178	-	-	-	-	3,782,772
Valley Senior Services Foundation	24,555	-	80,464	-	-	-	-	55,909
Total component units	\$ 5,292,314	\$ 890,820	\$ 4,019,226	\$ -	-	-	-	(382,268)
General Revenues and Transfers								
Property taxes and special assessment collections					17,300,230	-	17,300,230	2,039,950
Intergovernmental					3,004,834	-	3,004,834	3,439,877
Investment earnings					95,177	-	95,177	20,351
Gain on sale/disposal/swap of capital assets					9,700,444	-	9,700,444	(27,974)
Total general revenues					30,100,685	-	30,100,685	5,472,204
Change in net position					16,711,107	103,694	16,814,801	5,089,936
Net position - beginning					109,627,857	1,376,562	111,004,419	4,556,544
Net position - ending					\$ 126,338,964	\$ 1,480,256	\$ 127,819,220	\$ 9,646,480

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, 2021

	General	Debt Service	Capital Projects	Total
Assets				
Cash and investments	\$ 10,787,736	\$ 7,191,831	\$ 19,167,102	\$ 37,146,669
Delinquent property taxes receivable	111,589	22,029	-	133,618
Special assessments receivable	-	15,291,650	-	15,291,650
Accounts receivable	357,305	-	-	357,305
Advances due from other funds	534,487	-	-	534,487
Prepaid items	16,737	-	-	16,737
Inventories	41,799	-	-	41,799
	<u>11,849,653</u>	<u>22,505,510</u>	<u>19,167,102</u>	<u>53,522,265</u>
Total assets	<u>\$ 11,849,653</u>	<u>\$ 22,505,510</u>	<u>\$ 19,167,102</u>	<u>\$ 53,522,265</u>
Liabilities				
Accounts payable	\$ 556,496	\$ 13,500	\$ 99,416	\$ 669,412
Retainage payable	-	-	22,556	22,556
Accrued payroll	214,976	-	-	214,976
Claims incurred but not reported	117,000	-	-	117,000
Unearned revenue	85,149	-	-	85,149
	<u>973,621</u>	<u>13,500</u>	<u>121,972</u>	<u>1,109,093</u>
Total liabilities	<u>973,621</u>	<u>13,500</u>	<u>121,972</u>	<u>1,109,093</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	93,785	18,514	-	112,299
Unavailable revenue - special assessments	-	15,291,650	-	15,291,650
	<u>93,785</u>	<u>15,310,164</u>	<u>-</u>	<u>15,403,949</u>
Total deferred inflows of resources	<u>93,785</u>	<u>15,310,164</u>	<u>-</u>	<u>15,403,949</u>
Fund Balance				
Nonspendable				
Advances due from other funds	534,487	-	-	534,487
Prepaid items	16,737	-	-	16,737
Inventories	41,799	-	-	41,799
Restricted for				
Debt service	-	7,181,846	-	7,181,846
Capital projects	-	-	19,045,130	19,045,130
Friends of the Depot	35,900	-	-	35,900
Assigned for				
Pension	988,743	-	-	988,743
Forestry	1,477,822	-	-	1,477,822
Insurance	161,291	-	-	161,291
Medical insurance	892,800	-	-	892,800
Unassigned	6,632,668	-	-	6,632,668
	<u>10,782,247</u>	<u>7,181,846</u>	<u>19,045,130</u>	<u>37,009,223</u>
Total fund balance	<u>10,782,247</u>	<u>7,181,846</u>	<u>19,045,130</u>	<u>37,009,223</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 11,849,653</u>	<u>\$ 22,505,510</u>	<u>\$ 19,167,102</u>	<u>\$ 53,522,265</u>

Park District of the City of Fargo
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 December 31, 2021

Total Funds Balances - Governmental Funds		\$ 37,009,223
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		109,575,646
Compensated absences payable are not due and payable in the current period therefore are not reported as liabilities in the funds.		(310,275)
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.		(117,761)
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.		15,403,949
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		(3,308,390)
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 :		
Bonds, notes and leases payable	\$ (27,601,692)	
Net pension liability	(3,565,644)	
Other post employment benefits payable	<u>(746,092)</u>	<u>(31,913,428)</u>
Total Net Position - Governmental Activities		<u>\$ 126,338,964</u>

Park District of the City of Fargo
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2021

	General	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ 15,424,176	\$ 3,038,346	\$ -	\$ 18,462,522
Special assessment collections	-	2,152,266	-	2,152,266
Intergovernmental revenue	2,992,437	-	12,397	3,004,834
Charges for services and contributions	6,733,319	-	-	6,733,319
Interest	95,177	-	-	95,177
Grants, trusts and donations	120,536	-	165,700	286,236
Other	276,093	7,397	7,696	291,186
Total revenues	25,641,738	5,198,009	185,793	31,025,540
Expenditures				
Current				
Wages and salaries	10,772,946	-	-	10,772,946
Other	5,941,017	117,228	26,122	6,084,367
Capital outlay	1,442,233	-	2,675,484	4,117,717
Other expenses	19,032	-	-	19,032
Special assessment additions	-	366,471	-	366,471
Debt service				
Principal	573,126	2,671,248	-	3,244,374
Interest and fiscal charges	74,475	798,743	-	873,218
Total expenditures	18,822,829	3,953,690	2,701,606	25,478,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,818,909	1,244,319	(2,515,813)	5,547,415
Other Financing Sources (Uses)				
Proceeds from debt refunding	-	1,245,000	-	1,245,000
Payment on debt refunding	-	(1,250,000)	-	(1,250,000)
Bond premium on refunding debt	-	6,222	-	6,222
Issuance cost of refunding debt	-	(18,841)	-	(18,841)
Special assessments financed	-	366,471	-	366,471
Sale of capital assets	6,205,624	-	-	6,205,624
Transfers	(10,938,263)	-	10,938,263	-
Total other financing sources (uses)	(4,732,639)	348,852	10,938,263	6,554,476
Net Change in Fund Balances	2,086,270	1,593,171	8,422,450	12,101,891
Fund Balances, Beginning of Year	8,695,977	5,588,675	10,622,680	24,907,332
Fund Balances, End of Year	\$ 10,782,247	\$ 7,181,846	\$ 19,045,130	\$ 37,009,223

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, 2021

Net Change in Funds Balances - Total Governmental Funds		\$ 12,101,891
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		7,714,759
Depreciation expense		(3,854,425)
The net effect of the disposal of capital assets is to decrease net position		(803,060)
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	\$ 15,403,949	
Prior period balance	(17,079,044)	
Current year effect		(1,675,095)
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	(310,275)	
Prior period balance	289,345	
Current year effect		(20,930)
Interest payable is reported in the government wide statements of net position but is not recorded in the governmental funds.		
Current period balance	(117,761)	
Prior period balance	139,487	
Current year effect		21,726
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	(789,453)	
Prior period balance	777,477	
Current year effect		(11,976)
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.		
Current period balance	(6,830,673)	
Prior period balance	6,720,277	
Current year effect		(110,396)
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:		
Bond refunding proceeds		(1,245,000)
Special assessments financed		(366,471)
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		4,960,084
Change in Net Position of Governmental Activities		<u>\$ 16,711,107</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 14,770,737	\$ 14,773,226	\$ 15,424,176	\$ 650,950
Intergovernmental revenue	1,967,850	1,967,850	2,992,437	1,024,587
Charges for services and contributions	4,852,969	4,852,970	6,733,319	1,880,349
Interest	188,000	188,000	95,177	(92,823)
Grants, trusts and donations	44,800	44,800	120,536	75,736
Other	78,744	78,744	276,093	197,349
Total revenues	<u>21,903,100</u>	<u>21,905,590</u>	<u>25,641,738</u>	<u>3,736,148</u>
Expenditures				
Current				
Wages and salaries	10,891,890	10,670,727	10,772,946	(102,219)
Other	5,802,708	6,111,135	5,941,017	170,118
Capital outlay	5,977,988	1,968,555	1,442,233	526,322
Other expenditures	-	-	19,032	(19,032)
Debt service				
Principal	573,126	573,126	573,126	-
Interest and fiscal charges	74,477	74,477	74,475	2
Total expenditures	<u>23,320,189</u>	<u>19,398,020</u>	<u>18,822,829</u>	<u>575,191</u>
Excess (Deficiency) of Revenues over (under) of Expenditures	(1,417,089)	2,507,570	6,818,909	4,311,339
Other Financing Sources (Uses)				
Sale of capital assets	-	-	6,205,624	6,205,624
Transfers out	(2,402,000)	(2,610,000)	(10,938,263)	(8,328,263)
Total other financing uses	<u>(2,402,000)</u>	<u>(2,610,000)</u>	<u>(4,732,639)</u>	<u>(2,122,639)</u>
Net Change in Fund Balances	<u>\$ (3,819,089)</u>	<u>\$ (102,430)</u>	2,086,270	<u>\$ 2,188,700</u>
Fund Balance, Beginning of Year			<u>8,695,977</u>	
Fund Balance, End of Year			<u>\$ 10,782,247</u>	

Park District of the City of Fargo
Statement of Net Position – Courts Plus Proprietary Fund
December 31, 2021

Assets	
Current Assets	
Accounts receivable	\$ 51,873
Intergovernmental receivable	50,000
Inventories	3,667
	105,540
Total current assets	
Capital Assets, Net of Accumulated Depreciation Where Applicable	
Land	179,401
Improvements other than buildings	3,062,745
Machinery and equipment	249,650
	3,491,796
Total capital assets	
	3,597,336
Deferred Outflows of Resources	
OPEB	4,240
	4,240
Liabilities	
Accounts payable	43,815
Advances due to other funds	534,487
Accrued interest payable	12,246
Accrued payroll	39,965
Unearned revenue	1,929
Long-term liabilities	
Due in less than one year - other than OPEB	273,631
Due in more than one year - other than OPEB	1,142,479
Due in more than one year - OPEB	60,957
	2,109,509
Total liabilities	
	2,109,509
Deferred Inflows of Resources	
OPEB	11,811
	11,811
Net Position	
Net investment in capital assets	2,136,570
Unrestricted	(656,314)
	1,480,256
Total net position	\$ 1,480,256

Park District of the City of Fargo
Statement of Revenue, Expenses and Changes in Net Position – Courts Plus Proprietary Fund
Year Ended December 31, 2021

Operating Revenues	
Charges for services - membership	\$ 1,216,630
Charges for services - programs	673,167
Charges for services - other	<u>338,181</u>
Total operating revenues	<u>2,227,978</u>
Operating Expenses	
Wages and salaries	1,148,719
Depreciation	362,070
Other	<u>648,267</u>
Total operating expenses	<u>2,159,056</u>
Operating Income	68,922
Nonoperating Revenues (Expenses)	
Grants and contributions	70,250
Interest expense	<u>(35,478)</u>
Total nonoperating revenues	<u>34,772</u>
Change in Net Position	103,694
Total Net Position, Beginning of Year	<u>1,376,562</u>
Total Net Position, End of Year	<u><u>\$ 1,480,256</u></u>

Park District of the City of Fargo
Statement of Cash Flows – Courts Plus Proprietary Fund
Year Ended December 31, 2021

Operating Activities	
Charges for services - membership	\$ 1,194,939
Charges for services - programs	673,167
Charges for services - other	338,181
Payments to employees	(1,141,698)
Payments to other vendors	(631,621)
	432,968
Noncapital Financing Activity	
Grants and contributions received	20,250
Advances paid to other funds	(127,803)
	(107,553)
Capital and Related Financing Activities	
Principal payments on leases	(207,781)
Interest paid	(37,356)
Acquisition of capital assets	(80,278)
	(325,415)
Net Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	\$ -
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 68,922
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	362,070
Changes in assets and liabilities	
Accounts receivable	(856)
Inventories	7,031
Deferred outflows	(2,626)
Unearned revenue	(20,835)
Accounts payable	9,615
Accrued payroll	1,316
Compensated absences	(825)
OPEB obligations	10,385
Deferred inflows	(1,229)
	432,968
Net cash from operating activities	\$ 432,968

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, Fargo Park District Foundation, and Valley Senior Service Foundation are discretely presented in the accompanying financial statements. The Park District is not includable as a component unit within another reporting entity.

Valley Senior Services – The Park District is accountable for fiscal matters of Valley Senior Services and designates management of the commission. Valley Senior Services provides services to senior citizens throughout the Red River Valley through a variety of different ways: delivering daily hot meals through Meals On Wheels, finding a sense of community and fostering new friendships at local senior centers, getting to and from appointments with transportation services, connecting seniors with supportive resources, and much more.

Fargo Park District Foundation – The Fargo Park District Foundation is a 501(c)(3) entity having separate legal standing from the Park District. The mission of the Foundation is to enhance the quality of life in the metro area through the development of modernized facilities, new programs and by offering great opportunities for all in the community. 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. One of the undertakings of the Foundation is to be the fundraising entity for the planned Fargo Parks Sports Complex, to be constructed, owned, and operated by the Park District. The Foundation does not meet the specific financial accountability criteria to be included as a component unit. However, management of the Park District, in their judgment, determined that it would be a benefit to the readers of the financial statements of the Park District to include the Foundation as a discretely presented component unit.

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. The Foundation does not meet the specific financial accountability criteria to be included as a component unit. However, management of the Park District, in their judgment, determined that it would be a benefit to the readers of the financial statements of the Park District to include the Foundation as a discretely presented component unit.

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.

Cash and Cash Equivalents

Cash and cash equivalents include cash, demand deposits and certificates of deposit with original maturities of three months or less.

Accounts 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.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Until conditional promises to give are recognized as revenue, the amounts are reported a liability using the terminology "donations received in advance." When considered necessary, an allowance is recorded based on management's estimate of collectability including such factors as prior collection history, type of contribution, and the nature of fund-raising activity.

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 of 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 inflow 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.

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 and Restricted Cash

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 \$194,678 held at the Fargo-Moorhead Area Foundation in an endowment fund.

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, 2021, 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 Units) cash and investments at December 31, 2021, are as follows:

	Carrying Value	
Primary Government		
Cash		
Petty cash	\$ 6,900	
Demand Deposits and Negotiated Savings	26,009,586	\$ 26,016,486
Investments		
Certificates of Deposit		11,130,183
Total primary government		37,146,669
Component Units		
Cash		
Petty cash	325	
Demand deposits	4,033,933	
Restricted Cash	194,678	4,228,936
Investments		
Certificates of Deposit		518,542
Total component units		4,747,478
Total		\$ 41,894,147

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 - Pledges Receivable

Pledges receivable consist of promises to give from individuals, businesses, and private foundations. These donations are restricted for the construction of the Fargo Sports Complex, which is expected to begin construction in 2022, and are reported on the financial statements of the Fargo Park District Foundation, a discretely presented component unit. At December 31, 2021, total pledges committed and received are as follows:

Pledges		
Cash	\$ 18,465,138	
In-kind	<u>5,109,162</u>	\$ 23,574,300
Less: cash and in-kind pledges received in 2021		<u>(192,000)</u>
Outstanding commitments/pledges receivable at 12/31/2021		<u><u>\$ 23,382,300</u></u>

Subsequent to year-end and as of the date these financial statements were available to be issued, an additional \$1,630,000 of pledges have been made to the Fargo Park District Foundation in support of the Fargo Sports Complex.

Revenue is recognized on these pledges when all eligibility requirements are met, provided that the promise is verifiable and the resources are measurable and probably of collection. Certain pledges have purpose restrictions and/or time requirements and in those instances, the pledge amounts are reported as donations received in advance. As of and for the year ended December 31, 2021, the following is the recognition of the pledges receivable on the financial statements of the Fargo Park District Foundation:

Total pledges	\$ 23,574,300	
Revenue recognized in 2021	<u>(3,768,500)</u>	
Donations received in advance as of 12/31/2021	<u><u>\$ 19,805,800</u></u>	

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 28,918,449	\$ 4,006,820	\$ (588,670)	\$ 32,336,599
Construction in progress	101,706	2,145,249	(698,800)	1,548,155
Capital assets, not being depreciated	<u>29,020,155</u>	<u>6,152,069</u>	<u>(1,287,470)</u>	<u>33,884,754</u>
Capital assets, being depreciated				
Buildings	61,754,726	171,214	(125,144)	61,800,796
Improvements other than buildings	43,199,199	1,223,116	(145,508)	44,276,807
Machinery and equipment	14,936,612	867,160	(425,985)	15,377,787
Capital assets, being depreciated	<u>119,890,537</u>	<u>2,261,490</u>	<u>(696,637)</u>	<u>121,455,390</u>
Less accumulated depreciation for				
Buildings	(21,253,160)	(1,535,260)	86,612	(22,701,808)
Improvements other than buildings	(11,394,683)	(1,397,466)	140,309	(12,651,840)
Machinery and equipment	(9,744,477)	(921,699)	255,326	(10,410,850)
	<u>(42,392,320)</u>	<u>(3,854,425)</u>	<u>482,247</u>	<u>(45,764,498)</u>
Net capital assets, depreciated	<u>77,498,217</u>	<u>(1,592,935)</u>	<u>(214,390)</u>	<u>75,690,892</u>
Total capital assets, net	<u>\$ 106,518,372</u>	<u>\$ 4,559,134</u>	<u>\$ (1,501,860)</u>	<u>\$ 109,575,646</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	6,201,926	80,278	-	6,282,204
Machinery and equipment	1,150,733	-	(74,294)	1,076,439
Capital assets, being depreciated	<u>8,636,311</u>	<u>80,278</u>	<u>(74,294)</u>	<u>8,642,295</u>
Less accumulated depreciation for				
Buildings	(1,258,692)	(24,960)	-	(1,283,652)
Improvements other than buildings	(2,957,336)	(262,123)	-	(3,219,459)
Machinery and equipment	(826,096)	(74,987)	74,294	(826,789)
Total accumulated depreciation	<u>(5,042,124)</u>	<u>(362,070)</u>	<u>74,294</u>	<u>(5,329,900)</u>
Net capital assets, depreciated	<u>3,594,187</u>	<u>(281,792)</u>	<u>-</u>	<u>3,312,395</u>
Total capital assets, net	<u>\$ 3,773,588</u>	<u>\$ (281,792)</u>	<u>\$ -</u>	<u>\$ 3,491,796</u>

Depreciation expense for the year ended December 31, 2021 was charged to the following functions/programs:

Governmental activities	
General government	\$ 47,016
Recreation	27,911
Concessions	8,221
Golf	603,988
Facilities	908,213
Neighborhood parks	1,469,239
Swimming pools	158,026
Maintenance	<u>631,811</u>
Total depreciation expense - governmental activities	<u>\$ 3,854,425</u>
Business-type activities	
Courts Plus	<u>\$ 362,070</u>

During the year ending December 31, 2021, the Park District exchanged land with a book value of \$512,000 and a fair market value of \$4,350,000, and received land with an acquisition value of \$4,006,820, along with \$336,571 in cash. The transaction resulted in a \$3,831,391 gain on the swap of the capital assets.

Capital asset activity for the Valley Senior Services (Component Unit) for year ended December 31, 2021 is as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Component Unit - Valley Senior Services				
Capital assets, being depreciated				
Buildings	\$ 1,354,193	\$ 52,394	\$ -	\$ 1,406,587
Machinery and equipment	<u>1,073,052</u>	<u>113,521</u>	<u>(121,609)</u>	<u>1,064,964</u>
Capital assets, being depreciated	<u>2,427,245</u>	<u>165,915</u>	<u>(121,609)</u>	<u>2,471,551</u>
Less accumulated depreciation for				
Buildings	(567,122)	(27,020)	-	(594,142)
Machinery and equipment	<u>(635,432)</u>	<u>(149,771)</u>	<u>93,635</u>	<u>(691,568)</u>
Total accumulated depreciation	<u>(1,202,554)</u>	<u>(176,791)</u>	<u>93,635</u>	<u>(1,285,710)</u>
Net capital assets, net	<u>\$ 1,224,691</u>	<u>\$ (10,876)</u>	<u>\$ (27,974)</u>	<u>\$ 1,185,841</u>

Note 7 - Long-Term Debt

	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021	Due Within One Year
Governmental Activities					
Notes payable	\$ 1,115,000	\$ -	\$ (270,000)	\$ 845,000	\$ 275,000
Capital leases payable - direct borrowing	1,945,203	-	(303,126)	1,642,077	300,992
General obligation and refunding improvement bonds	20,070,000	1,245,000	(2,750,000)	18,565,000	1,620,000
Special assessments	7,820,102	366,471	(1,636,958)	6,549,615	888,367
Compensated absences	289,345	317,593	(296,663)	310,275	310,275
	<u>\$ 31,239,650</u>	<u>\$ 1,929,064</u>	<u>\$ (5,256,747)</u>	<u>\$ 27,911,967</u>	<u>\$ 3,394,634</u>
Business-Type Activities					
Capital leases payable - direct borrowing	\$ 1,563,007	\$ -	\$ (207,781)	\$ 1,355,226	\$ 212,747
Compensated absences	61,709	39,863	(40,688)	60,884	60,884
	<u>\$ 1,624,716</u>	<u>\$ 39,863</u>	<u>\$ (248,469)</u>	<u>\$ 1,416,110</u>	<u>\$ 273,631</u>
Component Unit					
Compensated absences	\$ 91,405	\$ 73,831	\$ (67,021)	\$ 98,215	\$ -

Notes Payable

Payee	Interest Rate	Maturity Date	Final Balance 12/31/2021
Governmental Activities Fargo Public Schools	4.80%	05/01/24	<u>\$ 845,000</u>

Future maturities on notes payable:

	Principal	Interest	Total
2022	\$ 275,000	\$ 21,225	\$ 296,225
2023	280,000	12,900	292,900
2024	290,000	4,350	294,350
	<u>\$ 845,000</u>	<u>\$ 38,475</u>	<u>\$ 883,475</u>

Park District of the City of Fargo

Notes to Financial Statements

December 31, 2021

Capital Leases Payable – Direct Borrowing

Payee	Effective Interest Rate	Final Maturity	Balance 12/31/2021 Present Value
Governmental Activities			
Osgood 9 hole golf course	1.61%	05/01/23	\$ 390,000
Park Maintenance Facility	2.65%	04/01/31	1,252,077
			<u>1,642,077</u>
Business-Type Activities			
Courts Plus Lease - fitness equipment, roof, and indoor playground equipment	2.39%	08/15/27	1,355,226
			<u>\$ 2,997,303</u>

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	83,702	-
Less accumulated depreciation	<u>(1,071,693)</u>	<u>(1,572,075)</u>
Total	<u>\$ 3,560,784</u>	<u>\$ 2,056,108</u>

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

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
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	123,233	20,939	233,826	11,311	389,309
2027 - 2031	666,916	53,944	239,415	5,722	965,997
	<u>\$ 1,642,077</u>	<u>\$ 197,305</u>	<u>\$ 1,355,226</u>	<u>\$ 115,596</u>	<u>\$ 3,310,204</u>

General Obligation and Refunding Improvement Bonds

Issue	Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding Debt 12/31/2021
Governmental Activities					
Refunding Improvement 2010-1	08/10/10	11/01/25	3.04%	\$ 675,000	\$ 210,000
Refunding Improvement 2014	05/01/14	05/01/39	2.31%	9,760,000	5,265,000
Refunding Improvement 2015	09/01/15	11/01/40	3.50%	1,545,000	1,290,000
Refunding Improvement 2016	09/01/16	05/01/41	2.00%-3.00%	5,435,000	4,465,000
Refunding Improvement 2017A	10/10/17	05/01/42	3.00%-3.25%	1,285,000	1,150,000
General Obligation Refunding 2017B	10/10/17	04/01/29	3.00%	3,310,000	2,270,000
Refunding Improvement 2018A	10/02/18	05/01/43	3.00%-4.00%	2,290,000	2,100,000
Refunding Improvement 2019A	10/10/19	05/01/37	2.54%	635,000	570,000
Refunding Improvement 2021A	07/28/21	05/01/39	.45%-2.00%	1,245,000	1,245,000
				<u>\$ 27,835,000</u>	<u>\$ 18,565,000</u>

Future maturities on general obligations and refunding improvement bonds:

	Principal	Interest	Total
2022	\$ 1,620,000	\$ 475,369	\$ 2,095,369
2023	1,660,000	431,866	2,091,866
2024	1,720,000	391,161	2,111,161
2025	1,750,000	348,270	2,098,270
2026	1,740,000	303,861	2,043,861
2027 - 2031	4,065,000	1,138,846	5,203,846
2032 - 2036	2,955,000	701,123	3,656,123
2037 - 2041	2,715,000	254,778	2,969,778
2042 - 2043	340,000	10,581	350,581
	<u>\$ 18,565,000</u>	<u>\$ 4,055,855</u>	<u>\$ 22,620,855</u>

During the year ended December 31, 2021, the Park District issued \$1,245,000 in refunding improvement bonds with interest rates ranging from 0.45% to 2.00%. The proceeds were used to refund \$1,180,000 of outstanding refunding improvement 2013 bonds which had interest rates ranging from 3.00% to 4.00%. The net bond proceeds were \$1,251,222 and included a bond premium of \$6,222. The refunding reduced the total debt service payments by \$219,164 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$196,414.

Special Assessments

Uncertified special assessments of \$6,549,615 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. During the year ended December 31, 2021, the Park District sold parcels of land with special assessment liability balances in the total amount of \$465,710. This is shown as a retirement of special assessment balances.

The Park District had special assessments of \$366,471 levied in 2021 by the City of Fargo for multiple properties added by the Park District in 2021. 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 8 - 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, 2021, the Park District reported a liability of \$206,562 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, 2021, the Park District's proportion was 0.371399 percent, which was an increase of 0.027497 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Park District recognized OPEB expense of \$35,720. At December 31, 2021, 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	\$ -	\$ 5,662
Changes of assumptions	31,988	-
Net difference between projected and actual earnings on OPEB plan investments	11,863	70,773
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,108	1,267
Employer contributions subsequent to the measurement date	23,249	-
Total	\$ 101,208	\$ 77,702

The \$23,249 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, 2022.

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

Year Ended December 31,		
2022	\$	3,221
2023		2,711
2024		(88)
2025		(7,798)
2026		2,211

D. Actuarial Assumptions

The total OPEB liability in the July 1, 2021, 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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
Large cap domestic equities	33.00%	5.85%
Small cap domestic equities	6.00%	6.75%
International equities	26.00%	6.25%
Core-plus fixed income	35.00%	50.00%

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, 2021, 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	\$ 306,358	\$ 206,562	\$ 122,120

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	107
Active employees electing coverage	17
Active employees waiving coverage	<u>1</u>
	<u><u>125</u></u>

D. Total OPEB Liability

The Park District’s total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2019.

E. Actuarial Assumptions

The total OPEB liability in the December 31, 2020 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	2.00 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-collatable 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, 2020, 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, 2021	\$ 623,129
Changes from the Prior Year	
Service Cost	70,927
Interest Cost	19,040
Assumption Changes	36,111
Differences between Expected and Actual Experience	(5,290)
Benefit Payments	<u>(3,374)</u>
Net Change	<u>117,414</u>
Balance at December 31, 2021	<u>\$ 740,543</u>

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 one percentage point lower and one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	1.00%	2.00%	3.00%
Total OPEB Liability	\$ 789,133	\$ 740,543	\$ 692,512

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 one percentage point lower and one percentage point higher than the current healthcare trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
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	\$ 643,948	\$ 740,543	\$ 857,117

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

For the year ended December 31, 2021, the Park District recognized OPEB expense of \$74,804. At December 31, 2021, 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	\$ -	\$ 30,082
Changes of assumptions	45,079	113,411
Contributions between measurement date and reporting date	6,580	-
Total	\$ 51,659	\$ 143,493

The \$6,580 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, 2022. 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
2022	\$ (15,163)
2023	(15,163)
2024	(15,163)
2025	(15,163)
2026	(17,416)
Thereafter	(20,346)

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	\$ 206,562	\$ -	\$ -	\$ 206,562
Fargo Park District	539,530	60,957	140,056	740,543
	<u>\$ 746,092</u>	<u>\$ 60,957</u>	<u>\$ 140,056</u>	<u>\$ 947,105</u>
Deferred Outflows of Resources				
NDPERS	\$ 101,208	\$ -	\$ -	\$ 101,208
Fargo Park District	37,677	4,240	9,742	51,659
	<u>\$ 138,885</u>	<u>\$ 4,240</u>	<u>\$ 9,742</u>	<u>\$ 152,867</u>
Deferred Inflows of Resources				
NDPERS	\$ 77,702	\$ -	\$ -	\$ 77,702
Fargo Park District	104,544	11,811	27,138	143,493
	<u>\$ 182,246</u>	<u>\$ 11,811</u>	<u>\$ 27,138</u>	<u>\$ 221,195</u>
OPEB Expense				
NDPERS	\$ 35,720	\$ -	\$ -	\$ 35,720
Fargo Park District	38,878	6,766	29,160	74,804
	<u>\$ 74,598</u>	<u>\$ 6,766</u>	<u>\$ 29,160</u>	<u>\$ 110,524</u>

Note 9 - 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, 2021 was \$2,066,293.

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, 2021, 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, 2021, contributions totaled \$66,186 and \$83,508 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, 2021, the Park District reported an asset of \$466,089 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, 2021 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, 2021 through December 31, 2021, relative to the total plan contributions received from the City of Fargo. At December 31, 2021 the Employer's proportion was 11.23 percent, which was no change from December 31, 2020.

For the year ended December 31, 2021, the Park District recognized pension revenue of \$283,745. At December 31, 2021, the Park District reported deferred outflows of resource 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	\$ 471	\$ 13,054
Changes of assumptions	125,219	19,919
Net difference between projected and actual earnings on pension plan investments	-	783,165
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,108	223,295
Total	<u>\$ 131,798</u>	<u>\$ 1,039,433</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>	
2022	\$ (247,561)
2023	(367,940)
2024	(211,842)
2025	(80,292)

E. Actuarial Assumptions

The total pension liability in the December 31, 2021 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	7.00%, net of investment expenses
Index rate	1.50%

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 2021. They are the same as the assumptions used in the December 31, 2021 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 7.00 percent as of December 31, 2021. 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, 2021, 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, 2021. 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, 2021.

G. Pension Liability Sensitivity

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Employer's proportionate share of the net pension liability (asset)	\$ 239,212	\$ (466,089)	\$ (1,072,060)

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, 2021, the Park District reported a liability of \$4,031,733 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021 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, 2021 the Park District's proportion was 0.3868 percent, which was an increase of 0.0123 percent from its proportion measured as of July 1, 2020.

For the year ended December 31, 2021, the Park District recognized pension expense of \$942,416. At December 31, 2021, the Park District reported deferred outflows of resources 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	\$ 69,606	\$ 411,494
Changes of assumptions	4,462,346	5,817,966
Net difference between projected and actual earnings on pension plan investments	-	1,495,306
Changes in proportion and differences between employer contributions and proportionate share of contributions	521,343	-
Employer contributions subsequent to the measurement date	<u>314,077</u>	<u>-</u>
Total	<u>\$ 5,367,372</u>	<u>\$ 7,724,766</u>

The \$314,077 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, 2022.

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>	
2022	\$ (222,939)
2023	(555,031)
2024	(473,154)
2025	(1,420,347)

E. Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, 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 1.92%; and the resulting Single Discount Rate is 7.00%.

G. Pension Liability Sensitivity

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Park District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Employer's proportionate share of the net pension liability	\$ 6,411,811	\$ 4,031,733	\$ 2,049,945

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	\$ (466,089)
NDPERS	4,031,733
	\$ 3,565,644
Deferred Outflows of Resources	
City of Fargo	\$ 131,798
NDPERS	5,367,372
	\$ 5,499,170
Deferred Inflows of Resources	
City of Fargo	\$ 1,039,433
NDPERS	7,724,766
	\$ 8,764,199
Pension Expense	
City of Fargo	\$ (283,745)
NDPERS	942,416
	\$ 658,671

Note 10 - Interfund Advances and Transfers

Total advances due to the General Fund as of December 31, 2021 were \$534,487 and are due from Courts Plus. There is currently no formal repayment schedule.

During the year ended December 31, 2021, the General Fund transferred \$10,938,263 to the Capital Projects Fund for current and future planned capital projects.

Note 11 - Operating Leases

The Park District leases all golf carts and under this agreement, 33% of gross revenue on golf carts is remitted to the lessor. Total expense for the rental of golf carts for the year ended December 31, 2021, was \$244,899. 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. 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, 2021 was \$41,204.

The Park District leases space for Valley Senior Services. 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, 2021 was \$33,917.

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

2022	\$	36,534
2023		36,534
2024		36,534
2025		36,534
		<u>146,136</u>
	\$	<u>146,136</u>

Note 12 - 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 \$1,468,000 in aggregate annually. The following is the activity for the year ended December 31, 2021:

Claims incurred but not reported at beginning of year	\$	127,000
Claims incurred		1,369,879
Claims paid		<u>(1,379,879)</u>
Claims incurred but not reported at end of year	\$	<u>117,000</u>

Note 13 - 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 14 - Commitments

Construction

As of December 31, 2021, the Park District had construction in progress of \$1,548,155, relating to various Park District projects. Total remaining costs of completion is estimated to be approximately \$200,00 and these projects are expected to be completed in 2022.

Note 15 - 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 16 - Subsequent Events

On March 29, 2022, the Park District issued \$4,250,000 of Refunding Improvement Bonds Series 2022B to refund the outstanding refunding improvement 2014 bonds. The interest rate on the notes ranged from 2.00% to 4.00% and the maturity date is May 1, 2039. The refunding reduced the total debt service payments by \$186,118 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$162,297.

Fargo Sports Complex

On March 4, 2022, the Fargo Park District Foundation obtained a Commitment Letter from a financial institution for a loan of up to \$25,000,000 to be used for construction costs of the Fargo Sports Complex. The loan would provide interim financing for the project costs that will be funded by pledges received by the Fargo Park District Foundation. The loan provides for advances limited to 90% of all eligible outstanding cash pledges receivable, with an interest rate of 1.00% and a 10-year term.

On April 7, 2022, the Park District issued \$38,825,000 of General Obligation Bonds Series 2022A to fund the construction of the Fargo Sports Complex. The interest rate on the notes ranged from 4.00% to 5.00% and the maturity date is May 1, 2042.

Construction of the Fargo Sports Complex is expected to begin in May of 2022.



Required Supplementary Information
December 31, 2021

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, 2021

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

North Dakota Public Employees Retirement System

	2021	2020
Total OPEB Liability		
Service cost	\$ 15,871	\$ 13,900
Interest	54,438	53,298
Changes of assumptions	-	15,036
Differences between expected and actual experience	8,039	1,083
Change in proportionate share	63,172	-
Benefit payments	(47,853)	(42,359)
Net change in total OPEB liability	93,667	40,958
Total OPEB Liability - Beginning	790,083	749,125
Total OPEB Liability - Ending (a)	\$ 883,750	\$ 790,083
Plan Fiduciary Net Position		
Employer contributions	\$ 48,693	\$ 46,056
Employee contributions	57	56
Contribution - service credit repurchase	1,393	1,914
OPEB plan net investment income	135,660	23,746
Benefit payments	(47,853)	(42,359)
OPEB plan administrative expense	(1,597)	(1,561)
	40,042	-
Transfers and other income	1	33
Net Change in Plan Fiduciary Net Position	176,395	27,885
Plan Fiduciary Net Position - Beginning	500,793	472,908
Plan Fiduciary Net Position - Ending (b)	\$ 677,188	\$ 500,793
Net OPEB Liability - Ending (a) - (b)	\$ 206,562	\$ 289,290
Plan Fiduciary Net Position as a Percentage	76.63%	63.38%
Covered payroll	\$ 4,049,207	\$ 3,920,379
Net OPEB liability as a percentage of covered payroll	5.10%	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

2021

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, 2020.

Changes of assumptions:

- All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

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 the RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in the 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 assumptions was lowered from 7.25% to 6.5%
- 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, 2021

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

Fargo Park District Health Insurance Plan

	2021	2020	2019	2018
Service cost	\$ 70,927	\$ 67,939	\$ 68,851	\$ 61,015
Interest	19,040	28,506	24,492	25,028
Changes of assumptions	36,111	(123,853)	(29,026)	25,539
Differences between expected and actual experience	(5,290)	(33,156)	-	-
Benefit payments	(3,374)	(33,424)	(36,590)	(36,139)
Net change in total OPEB liability	117,414	(93,988)	27,727	75,443
Total OPEB liability - beginning	623,129	717,117	689,390	613,947
Total OPEB liability - ending	<u>\$ 740,543</u>	<u>\$ 623,129</u>	<u>\$ 717,117</u>	<u>\$ 689,390</u>
Covered payroll	\$ 6,980,254	\$ 6,585,575	\$ 6,284,568	\$ 5,873,528
Total OPEB liability as a percentage of covered payroll	10.6%	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.

2021

Assumption changes:

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

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, 2021

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	12/31/2021	11.23%	\$ (466,089)	\$ 2,066,293	-22.6%	106.6%
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	6/30/2021	0.3868%	\$ 4,031,733	\$ 4,380,216	92.0%	78.3%
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, 2021

<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	12/31/2021	\$ 247,625	\$ 83,508	\$ 164,117	\$ 2,066,293	4.0%
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	12/31/2021	\$ 323,021	\$ 316,026	\$ 6,995	\$ 4,380,216	7.2%
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**2021***Changes of benefit terms:*

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

Changes of assumptions:

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

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**2021**

Changes of assumptions:

- The discount rate and long-term investment return assumption were updated from 7.25% to 7.00% to reflect updated capital market assumptions.
- The mortality improvement scale was updated from MP-2020 to MP-2021 to reflect the most recently published longevity assumptions.

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, 2021

Park District of the City of Fargo

Park District of the City of Fargo
Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2021

	Valley Senior Services	Fargo Park District Foundation	Valley Senior Services Foundation	Total
Assets				
Cash and investments	\$ 3,404,574	\$ 243,035	\$ 905,191	\$ 4,552,800
Restricted cash	194,678	-	-	194,678
Accounts receivable	648,708	-	-	648,708
Pledges receivable	-	23,382,300	-	23,382,300
Prepaid items	13	-	-	13
	<u>4,247,973</u>	<u>23,625,335</u>	<u>905,191</u>	<u>28,778,499</u>
Capital assets (net of accumulated depreciation where applicable):				
Buildings	812,445	-	-	812,445
Machinery and equipment	373,396	-	-	373,396
	<u>1,185,841</u>	<u>-</u>	<u>-</u>	<u>1,185,841</u>
Total assets	<u>5,433,814</u>	<u>23,625,335</u>	<u>905,191</u>	<u>29,964,340</u>
Deferred Outflows of Resources				
OPEB	9,742	-	-	9,742
	<u>9,742</u>	<u>-</u>	<u>-</u>	<u>9,742</u>
Liabilities				
Accounts payable	169,321	13,171	1,648	184,140
Accrued payroll	72,253	-	-	72,253
Donations received in advance	-	19,805,800	-	19,805,800
Long-term liabilities				
Due in less than one year - other than OPEB	98,215	-	-	98,215
Due in more than one year - OPEB	140,056	-	-	140,056
	<u>479,845</u>	<u>19,818,971</u>	<u>1,648</u>	<u>20,300,464</u>
Total liabilities	<u>479,845</u>	<u>19,818,971</u>	<u>1,648</u>	<u>20,300,464</u>
Deferred Inflows of Resources				
OPEB	27,138	-	-	27,138
	<u>27,138</u>	<u>-</u>	<u>-</u>	<u>27,138</u>
Net Position				
Net investment in capital assets	1,185,841	-	-	1,185,841
Restricted for:				
Endowment funds	194,678	-	-	194,678
Fargo Sports Complex	-	3,803,945	-	3,803,945
Senior services	-	-	903,543	903,543
Unrestricted	3,556,054	2,419	-	3,558,473
	<u>3,556,054</u>	<u>2,419</u>	<u>-</u>	<u>3,558,473</u>
Total net position	<u>\$ 4,936,573</u>	<u>\$ 3,806,364</u>	<u>\$ 903,543</u>	<u>\$ 9,646,480</u>

Park District of the City of Fargo
Combining Statements of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Units
Year Ended December 31, 2021

	Valley Senior Services	Fargo Park District Foundation	Valley Senior Services Foundation	Total
Operating Revenues				
Taxes	\$ 2,039,950	\$ -	\$ -	\$ 2,039,950
Intergovernmental revenue	3,439,877	-	-	3,439,877
Charges for services	890,820	-	-	890,820
Interest	17,737	-	2,614	20,351
Grants, trusts and donations	45,468	3,810,178	80,464	3,936,110
Other	83,116	-	-	83,116
Total operating revenues	<u>6,516,968</u>	<u>3,810,178</u>	<u>83,078</u>	<u>10,410,224</u>
Operating Expenses				
Wages and salaries	2,781,610	-	-	2,781,610
Depreciation	176,791	-	-	176,791
Grants	-	5,000	-	5,000
Other	2,281,952	22,406	24,555	2,328,913
Total operating expenses	<u>5,240,353</u>	<u>27,406</u>	<u>24,555</u>	<u>5,292,314</u>
Operating income	1,276,615	3,782,772	58,523	5,117,910
Nonoperating Expenses				
Loss on disposal of capital assets	(27,974)	-	-	(27,974)
Change in Net Position	1,248,641	3,782,772	58,523	5,089,936
Total Net Position, Beginning of Year	<u>3,687,932</u>	<u>23,592</u>	<u>845,020</u>	<u>4,556,544</u>
Total Net Position, End of Year	<u>\$ 4,936,573</u>	<u>\$ 3,806,364</u>	<u>\$ 903,543</u>	<u>\$ 9,646,480</u>

Park District of the City of Fargo
 Balance Sheet – Modified Accrual Basis
 Valley Senior Services
 December 31, 2021

Assets

Cash and investments	\$ 3,404,574
Restricted cash	194,678
Accounts receivable	648,708
Prepaid items	13
	<u>13</u>
Total assets	<u><u>\$ 4,247,973</u></u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 169,321
Accrued payroll	72,253
	<u>72,253</u>
Total liabilities	<u>241,574</u>

Fund Balance

Restricted for	
Endowment funds	194,678
Assigned for	
Vehicle replacement	100,000
Senior center	2,000,000
Unassigned	1,711,721
	<u>1,711,721</u>
Total fund balance	<u>4,006,399</u>

Total liabilities and fund balance	<u><u>\$ 4,247,973</u></u>
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Park District of the City of Fargo
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Modified Accrual Basis – Valley Senior Services
Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Taxes	\$ 1,839,623	\$ 2,039,950	\$ 200,327
Intergovernmental revenue	2,501,363	3,439,877	938,514
Charges for services and contributions	836,700	890,820	54,120
Interest	-	17,737	17,737
Grants, trusts and donations	5,000	45,468	40,468
Other	-	55,207	55,207
Total revenues	<u>5,182,686</u>	<u>6,489,059</u>	<u>1,306,373</u>
Expenditures			
Current			
Wages and salaries	2,926,684	2,781,610	145,074
Other	2,263,700	2,187,713	75,987
Capital	-	196,882	(196,882)
Total expenditures	<u>5,190,384</u>	<u>5,166,205</u>	<u>24,179</u>
Net Change in Fund Balance	<u>\$ (7,698)</u>	1,322,854	<u>\$ 1,330,552</u>
Fund Balance, Beginning of Year		<u>2,683,545</u>	
Fund Balance, End of Year		<u>\$ 4,006,399</u>	



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2021

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 Expenditures of Federal Awards 7

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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 aggregate discretely presented component units, 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, 2021, 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 5, 2022.

Report on 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 2021-001 that we consider to be a significant deficiency.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the Park District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Park District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 5, 2022



**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

Opinion on the Major Federal Program

We have audited Park District of the City of Fargo’s (the “Park District”) compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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 its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Park District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Park District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Park District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Park District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Park District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Park District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Park District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Park District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 correct, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, the business-type activities, the aggregate discretely presented component units, and each major fund of the Park District as of and for the year ended December 31, 2021, 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 5, 2022, 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.

Eide Bailly LLP

Fargo, North Dakota
May 5, 2022

Park District of the City of Fargo
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

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	190-11666	\$ 716,740
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-11666	221,683
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-12327	339,417
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-12327	715,489
Nutrition Services Incentive Program	93.053	Unknown	<u>198,482</u>
Total Department of Health and Human Services/ Total Aging Cluster			\$ 2,191,811
Department of Transportation			
Passed Through North Dakota Department of Transportation			
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-20-1046	\$ 125,041
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-21-0535	<u>149,286</u>
Total 20.509			274,327
Federal Transit Capital Investment Program	20.526	38-20-1014	126,174
Federal Transit Capital Investment Program	20.526	38-21-0068	<u>79,381</u>
Total 20.526 - Federal Transit Cluster			<u>205,555</u>
Total Department of Transportation			479,882
Department of Homeland Security			
Passed Through North Dakota Department of Emergency Services			
Disaster Grants - Public Assistance	97.036	ND-DR-4509	12,397
Department of Agriculture			
Passed Through North Dakota State University			
Cooperative Forestry Assistance	10.664	2021-ATBTP-002	9,063
Department of Energy			
Passed Through North Dakota Department of Commerce			
State Energy Program	81.041	DE-EE0008661	<u>50,000</u>
Total Federal Financial Assistance			<u>\$ 2,743,153</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, 2021. 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

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

**2021-001 Preparation of Financial Statements, including Proposed Journal Entries
Significant Deficiency**

Criteria – A good system of internal accounting control contemplates an adequate system the ability to internally prepare their financial statements, as well as recording and processing entries that are significant to the financial statements.

Condition – The Park District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including entries to record Pledge Receivable and related Donations Received in Advance and Revenue balances. The auditors were requested to, and did, draft the Park District’s financial statements and accompanying notes to the financial statements, including proposed journal entries.

Cause – The Park District does not have an internal control system designed to provide for the preparation of the financial statements being audited and record all necessary adjustments.

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 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, 2021

Prepared by Management of
Park District of the City of Fargo

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

Initial Fiscal Year Finding Occurred: 2018

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.

Status: Ongoing. See finding 2021-001.

**Finding 2021-001 Preparation of Financial Statements, including Proposed Journal Entries
Significant Deficiency**

Finding Summary: Eide Bailly LLP prepared our draft financial statements and accompanying notes to the financial statements, and proposed journal entries to record Pledge Receivable and related Donations Received in Advance and Revenue balances, 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: Due to time constraints, we requested that our auditors, Eide Bailly LLP, prepare the financial statements and the accompanying notes to the financial statements, and assist with the entries to record the Pledge Receivable and related Donations Received in Advance and Revenue balances, as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes and have reviewed and approved the proposed entries. We anticipate having adequate time in the future to provide for more involvement in the preparation process and record the entries on our own, thus eliminating this finding.

Anticipated Completion Date: December 31, 2022