

**WATFORD CITY PARK DISTRICT
WATFORD CITY, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	Page
PARK DISTRICT OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITOR'S REPORT	2
BASIC FINANCIAL STATEMENTS	
December 31, 2021 Financial Statements	6
December 31, 2020 Financial Statements	15
Notes to the Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund	51
Schedule of Employer's Proportionate Share of Net Pension Liability	53
Schedule of Employer's Proportionate Share of Net OPEB Liability	54
Schedule of Employer Contributions - Pension	55
Schedule of Employer Contributions - OPEB	56
Notes to the Required Supplementary Information	57
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Parks & Recreation Facilities Fund	59
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	61
Schedule of Findings and Responses	63

WATFORD CITY PARK DISTRICT
PARK DISTRICT OFFICIALS (UNAUDITED)
DECEMBER 31, 2021 AND 2020

Justin Johnsrud	President
LeAnne Voll	Vice President
Katie Walters	Commissioner
Heidi Carns	Commissioner
Mark Sparby	Commissioner
Robin Arndt	Park Superintendent
Joshua Nollmeyer	Recreation Coordinator
Sara Fitzpatrick	Office Manager

INDEPENDENT AUDITOR'S REPORT

To the Park District Board
Watford City Park District
Watford City, North Dakota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Watford City Park District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Watford City Park District as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Watford City 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.

Emphasis of Matters

As described in Note 9 to the financial statements, a prior period adjustment has been made to adjust the beginning net position and fund balances. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Watford City 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 Watford City Park District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The budgetary comparison schedules for the park and recreation facilities fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules for the park and recreation facilities fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 the basic financial statements themselves, and other auditing standards generally accepted in the United States of America. In our opinion, the 2021 budgetary comparison schedule – park and recreation facilities fund is 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 report. The other information comprises the listing of Park District Officials 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 basic 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 July 6, 2022, on our consideration of the Watford City 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 Watford City 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 Watford City Park District's internal control over financial reporting and compliance.



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

July 6, 2022

WATFORD CITY PARK DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,372,313	\$ 1,269,878	\$ 2,642,191
Accounts receivable	33,861	101,903	135,764
Taxes receivable	30,467	-	30,467
Inter-fund balances	(169,589)	169,589	-
Total current assets	<u>1,267,052</u>	<u>1,541,370</u>	<u>2,808,422</u>
Non-current assets:			
Capital assets:			
Land	994,167	-	994,167
Construction in progress	9,677,010	-	9,677,010
Depreciable assets	<u>4,188,974</u>	<u>23,333</u>	<u>4,212,307</u>
Total non-current assets	<u>14,860,151</u>	<u>23,333</u>	<u>14,883,484</u>
Total assets	<u>16,127,203</u>	<u>1,564,703</u>	<u>17,691,906</u>
DEFERRED OUTFLOW OF RESOURCES			
Cost sharing defined benefit plan - pension	1,554,734	-	1,554,734
Cost sharing defined benefit plan - OPEB	<u>44,274</u>	<u>-</u>	<u>44,274</u>
Total deferred outflow of resources	<u>1,599,008</u>	<u>-</u>	<u>1,599,008</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,184	35,893	37,077
Accrued liabilities	20,351	65,663	86,014
Unearned revenue	-	250,000	250,000
Retainage payable	<u>217,383</u>	<u>-</u>	<u>217,383</u>
Total current liabilities	<u>238,918</u>	<u>351,556</u>	<u>590,474</u>
Non-current liabilities:			
Accrued compensated absences	24,433	38,305	62,738
Net pension liability	979,450	-	979,450
Net OPEB liability	<u>50,826</u>	<u>-</u>	<u>50,826</u>
Total non-current liabilities	<u>1,054,709</u>	<u>38,305</u>	<u>1,093,014</u>
Total liabilities	<u>1,293,627</u>	<u>389,861</u>	<u>1,683,488</u>
DEFERRED INFLOW OF RESOURCES			
Cost sharing defined benefit plan - OPEB	18,807	-	18,807
Cost sharing defined benefit plan - pension	<u>1,876,617</u>	<u>-</u>	<u>1,876,617</u>
Total deferred inflow of resources	<u>1,895,424</u>	<u>-</u>	<u>1,895,424</u>
NET POSITION			
Net investment in capital assets	14,642,768	23,333	14,666,101
Restricted for:			
Park Facilities	878,331	-	878,331
Unrestricted	<u>(983,939)</u>	<u>1,151,509</u>	<u>167,570</u>
Total net position	<u>\$ 14,537,160</u>	<u>\$ 1,174,842</u>	<u>\$ 15,712,002</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Park operations	\$ 1,314,983	\$ 107,373	\$ 26,694	\$ 50,000	\$ (1,130,916)	\$ -	\$ (1,130,916)
Business-type Activities:							
Rough Rider Center	2,750,294	1,091,430	277,010	-	-	(1,381,854)	(1,381,854)
Total government	<u>\$ 4,065,277</u>	<u>\$ 1,198,803</u>	<u>\$ 303,704</u>	<u>\$ 50,000</u>	<u>(1,130,916)</u>	<u>(1,381,854)</u>	<u>(2,512,770)</u>
General Revenues:							
Taxes					1,374,360	1,001,878	2,376,238
Intergovernmental					1,040,630	286,809	1,327,439
Interest					4,146	1,997	6,143
Miscellaneous					30,023	661	30,684
Gain on disposal of equipment					49,645	-	49,645
Transfers					(179,270)	179,270	-
Total general revenues and transfers					<u>2,319,534</u>	<u>1,470,615</u>	<u>3,790,149</u>
Change in net position					1,188,618	88,761	1,277,379
Net position - beginning of year					<u>13,348,542</u>	<u>1,086,081</u>	<u>14,434,623</u>
Net position - end of year					<u>\$ 14,537,160</u>	<u>\$1,174,842</u>	<u>\$ 15,712,002</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Park & Recreation Facilities Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,172	\$ 1,364,141	\$ 1,372,313
Accounts receivable	33,861	-	33,861
Taxes receivable	26,752	3,715	30,467
Due from other funds	98,838	-	98,838
Total assets	\$ 167,623	\$ 1,367,856	\$ 1,535,479
LIABILITIES			
Accounts payable	\$ 1,184	\$ -	\$ 1,184
Accrued liabilities	20,351	-	20,351
Retainage payable	-	217,383	217,383
Due to other funds	-	268,427	268,427
Total liabilities	21,535	485,810	507,345
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	26,752	3,715	30,467
FUND BALANCES			
Restricted	-	878,331	878,331
Unrestricted	119,336	-	119,336
Total fund balances	119,336	878,331	997,667
Total liabilities, deferred inflows of resources, and fund balances	\$ 167,623	\$ 1,367,856	\$ 1,535,479

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Governmental Funds Balance		\$ 997,667
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Delinquent property taxes		30,467
<p>Capital assets used in governmental activities are not current financial resources and therefore not reported in the fund</p>		
		14,860,151
<p>Net deferred outflows (inflows) of resources relating to the cost sharing of defined benefit plans for pension and OPEB in the governmental activities that are not financial resources, and therefore are not reported as deferred outflows (inflows) of resources in the governmental funds</p>		
		(296,416)
<p>Long-term liabilities not due and payable in the current period and therefore are not included in the fund:</p>		
Accrued compensated absences	(24,433)	
Net pension liability	(979,450)	
Net OPEB liability	(50,826)	
Total	(1,054,709)	
Net position of governmental activities		\$ 14,537,160

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Park & Recreation Facilities Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 1,254,977	\$ 173,599	\$ 1,428,576
Intergovernmental	210,630	830,000	1,040,630
Charges for services	107,373	2,000	109,373
Interest	4,146	-	4,146
Grants and contributions	4,146	70,549	74,695
Miscellaneous	8,320	21,704	30,024
	<u>1,589,592</u>	<u>1,097,852</u>	<u>2,687,444</u>
EXPENDITURES			
Current:			
Park operations	852,012	-	852,012
Capital outlay	122,675	2,898,416	3,021,091
	<u>974,687</u>	<u>2,898,416</u>	<u>3,873,103</u>
Excess of revenues over (under) expenditures	<u>614,905</u>	<u>(1,800,564)</u>	<u>(1,185,659)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of equipment	66,500	-	66,500
Transfers in	185,000	697,382	882,382
Transfers out	(889,214)	(172,438)	(1,061,652)
	<u>(637,714)</u>	<u>524,944</u>	<u>(112,770)</u>
Excess of revenues and other sources (uses) over (under) expenditures	(22,809)	(1,275,620)	(1,298,429)
Fund balance - January 1	142,145	2,153,951	2,296,096
Fund balance - December 31	<u>\$ 119,336</u>	<u>\$ 878,331</u>	<u>\$ 997,667</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balance - Total Governmental Funds \$ (1,298,429)

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

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

Current year capital outlay	3,021,091
Current year depreciation expense	(229,181)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus the change in net position differs from the change in fund balance by net book value of the asset disposed. (16,855)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These consist of:

Net change in deferred property taxes	(54,217)
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Changes in net deferred outflows and inflows relating to net pension liability	(1,928,904)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Net change in accrued compensated absences	(1,788)	
Net change in net pension liability	1,680,322	
Net change in net OPEB liability	16,579	
Total	1,695,113	
Change in net position		\$ 1,188,618

WATFORD CITY PARK DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
DECEMBER 31, 2021

	Rough Rider Center Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,269,878
Accounts receivable	101,903
Due from other funds	169,589
Total current assets	1,541,370
Capital assets:	
Vehicles	25,000
Less: Accumulated depreciation	(1,667)
Total capital assets	23,333
Total assets	1,564,703
LIABILITIES	
Current liabilities:	
Accounts payable	35,893
Accrued liabilities	65,661
Unearned revenue	250,000
Total current liabilities	351,554
Noncurrent liabilities:	
Compensated absences	38,307
Total liabilities	389,861
NET POSITION	
Net investment in capital assets	23,333
Unrestricted	1,151,509
Total net position	\$ 1,174,842

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Rough Rider Center Fund</u>
OPERATING REVENUES	
Charges for services	<u>\$ 1,091,430</u>
OPERATING EXPENSES	
Salaries and employee benefits	1,443,752
General maintenance and supplies	412,929
Utilities	531,327
Depreciation	1,667
Other operating expenses	<u>360,619</u>
Total operating expenses	<u>2,750,294</u>
Operating income (loss)	<u>(1,658,864)</u>
NONOPERATING REVENUES (EXPENSES)	
Taxes	1,001,878
Intergovernmental revenues	286,809
Contributions	277,010
Interest	1,997
Miscellaneous	<u>661</u>
Total nonoperating revenues (expenses)	<u>1,568,355</u>
Income (loss) before contributions and transfers	(90,509)
Transfers in	<u>179,270</u>
Change in net position	88,761
Net position - beginning of year	<u>1,086,081</u>
Net position - end of year	<u><u>\$ 1,174,842</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Rough Rider Center Fund
Cash flows from operating activities:	
Receipts from customers	\$ 1,091,430
Payments to suppliers	(1,305,355)
Payments to employees	<u>(1,422,191)</u>
Net cash provided (used) by operating activities	<u>(1,636,116)</u>
Cash flows from investing activities:	
Purchase of equipment	<u>(25,000)</u>
Cash flows from noncapital and related financing activities:	
Taxes	1,001,878
Intergovernmental revenues	289,467
Due from other funds	(58,553)
Contributions	277,010
Transfers in (out)	<u>179,270</u>
Net cash provided (used) by noncapital and related financing activities	<u>1,689,072</u>
Net change in cash and cash equivalents	27,956
Cash and cash equivalents - January 1	<u>1,241,922</u>
Cash and cash equivalents - December 31	<u><u>\$ 1,269,878</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ (1,658,864)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,667
Changes in assets and liabilities	
Accounts receivable	589
Due from county	1,157
Accounts payable	(2,226)
Accrued liabilities	12,674
Compensated absences	<u>8,887</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,636,116)</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,620,318	\$ 1,241,922	\$ 3,862,240
Accounts receivable	48,152	102,492	150,644
Inter-fund balances	(111,036)	111,036	-
Taxes receivable	84,684	-	84,684
Total current assets	<u>2,642,118</u>	<u>1,456,607</u>	<u>4,098,725</u>
Non-current assets:			
Capital assets (net of accumulated depreciation):			
Land	994,167	-	994,167
Construction in progress	6,778,595	-	6,778,595
Depreciable assets	4,312,334	-	4,312,334
Total non-current assets	<u>12,085,096</u>	<u>-</u>	<u>12,085,096</u>
Total assets	<u>14,727,214</u>	<u>1,456,607</u>	<u>16,183,821</u>
DEFERRED OUTFLOW OF RESOURCES			
Cost sharing defined benefit plan - pension	1,960,741	-	1,960,741
Cost sharing defined benefit plan - OPEB	43,861	-	43,861
Total deferred outflow of resources	<u>2,004,602</u>	<u>-</u>	<u>2,004,602</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,835	38,119	48,954
Accrued liabilities	17,097	52,987	70,084
Unearned revenue	-	250,000	250,000
Retainage payable	233,406	-	233,406
Total current liabilities	<u>261,338</u>	<u>341,106</u>	<u>602,444</u>
Non-current liabilities:			
Accrued compensated absences	22,645	29,420	52,065
Net pension liability	2,659,772	-	2,659,772
Net OPEB liability	67,405	-	67,405
Total non-current liabilities	<u>2,749,822</u>	<u>29,420</u>	<u>2,779,242</u>
Total liabilities	<u>3,011,160</u>	<u>370,526</u>	<u>3,381,686</u>
DEFERRED INFLOW OF RESOURCES			
Cost sharing defined benefit plan - pension	370,498	-	370,498
Cost sharing defined benefit plan - OPEB	1,616	-	1,616
Total deferred inflow of resources	<u>372,114</u>	<u>-</u>	<u>372,114</u>
NET POSITION			
Net investment in capital assets	11,851,690	-	11,851,690
Restricted for:			
Park Facilities	2,153,951	-	2,153,951
Unrestricted	(657,099)	1,086,081	428,982
Total net position	<u>\$ 13,348,542</u>	<u>\$ 1,086,081</u>	<u>\$ 14,434,623</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Park operations	\$ 1,694,344	\$ 90,766	\$ 3,892,194	\$ 515,800	\$ 2,804,416	\$ -	\$ 2,804,416
Business-Type Activities:							
Rough Rider Center	2,247,868	688,829	271,054	-	-	(1,287,985)	(1,287,985)
Total government	<u>\$ 3,942,212</u>	<u>\$ 779,595</u>	<u>\$ 4,163,248</u>	<u>\$ 515,800</u>	2,804,416	(1,287,985)	1,516,431
General Revenues:							
Taxes					2,004,513	564,363	2,568,876
Intergovernmental					162,942	260,981	423,923
Interest					7,328	1,896	9,224
Miscellaneous					11,792	958	12,750
Loss on disposal of equipment					(142,118)	-	(142,118)
Transfers					(914,594)	914,594	-
Total general revenues					<u>1,129,863</u>	<u>1,742,792</u>	<u>2,872,655</u>
Change in net position					<u>3,934,279</u>	<u>454,807</u>	<u>4,389,086</u>
Net position - beginning of year, as originally stated					9,338,554	619,369	9,957,923
Prior period adjustment - note 9					75,709	11,905	87,614
Net position - beginning of year, restated					<u>9,414,263</u>	<u>631,274</u>	<u>10,045,537</u>
Net position - end of year					<u>\$ 13,348,542</u>	<u>\$ 1,086,081</u>	<u>\$ 14,434,623</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Park & Recreation Facilities Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,660	\$ 2,612,658	\$ 2,620,318
Accounts receivable	34,056	14,096	48,152
Taxes receivable	74,306	10,378	84,684
Due from other funds	128,361	-	128,361
Total assets	<u>\$ 244,383</u>	<u>\$ 2,637,132</u>	<u>\$ 2,881,515</u>
LIABILITIES			
Accounts payable	\$ 10,835	\$ -	\$ 10,835
Accrued liabilities	17,097	-	17,097
Retainage payable	-	233,406	233,406
Due to other funds	-	239,397	239,397
Total liabilities	<u>27,932</u>	<u>472,803</u>	<u>500,735</u>
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	<u>74,306</u>	<u>10,378</u>	<u>84,684</u>
FUND BALANCES			
Restricted	-	2,153,951	2,153,951
Unrestricted	142,145	-	142,145
Total fund balances	<u>142,145</u>	<u>2,153,951</u>	<u>2,296,096</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 244,383</u>	<u>\$ 2,637,132</u>	<u>\$ 2,881,515</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Governmental Funds Balance		\$ 2,296,096
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Delinquent property taxes		84,684
<p>Capital assets used in governmental activities are not current financial resources and therefore not reported in the fund</p>		
		12,085,096
<p>Net deferred outflows (inflows) of resources relating to the cost sharing of defined benefit plans for pension and OPEB in the governmental activities that are not financial resources, and therefore are not reported as deferred outflows (inflows) of resources in the governmental funds</p>		
		1,632,488
<p>Long-term liabilities not due and payable in the current period and therefore are not included in the fund:</p>		
Net pension liability	(2,659,772)	
Net OPEB liability	(67,405)	
Accrued compensated absences	(22,645)	
Total	(2,749,822)	
Net position of governmental activities		\$ 13,348,542

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Park & Recreation Facilities Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 1,832,933	\$ 146,189	\$ 1,979,122
Intergovernmental	162,942	-	162,942
Charges for services	90,766	-	90,766
Interest	7,328	-	7,328
Grants and contributions	18,487	3,873,707	3,892,194
Miscellaneous	9,619	2,170	11,789
	<u>2,122,075</u>	<u>4,022,066</u>	<u>6,144,141</u>
Total revenues			
EXPENDITURES			
Current:			
Park operations	752,320	197,837	950,157
Capital outlay	103,340	5,705,443	5,808,783
	<u>855,660</u>	<u>5,903,280</u>	<u>6,758,940</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>1,266,415</u>	<u>(1,881,214)</u>	<u>(614,799)</u>
OTHER FINANCING			
SOURCES (USES)			
Proceeds from the sale of equipment	1,187	-	1,187
Transfers in	100,000	300,000	400,000
Transfers out	<u>(1,175,000)</u>	<u>(139,594)</u>	<u>(1,314,594)</u>
Total other financing sources (uses)	<u>(1,073,813)</u>	<u>160,406</u>	<u>(913,407)</u>
Excess of revenues and other sources (uses) over (under) expenditures	192,602	(1,720,808)	(1,528,206)
Fund balance - beginning of year, originally stated	(50,457)	3,799,050	3,748,593
Prior period adjustment - see note 9	<u>-</u>	<u>75,709</u>	<u>75,709</u>
Fund balance - beginning of year, restated	<u>(50,457)</u>	<u>3,874,759</u>	<u>3,824,302</u>
Fund balance - end of year	<u>\$ 142,145</u>	<u>\$2,153,951</u>	<u>\$ 2,296,096</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balance - Total Governmental Funds \$ (1,528,206)

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

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

Current year capital outlay	5,808,783
Current year depreciation expense	(223,547)

Governmental funds do not report donated capital assets as expenditures or revenue. However, in the Statement of Activities, donations of capital assets are recorded as donation revenue. 515,800

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus the change in net position differs from the change in fund balance by net book value of the asset disposed. (143,305)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These consist of:

Net change in deferred property taxes	25,390
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Changes in net deferred outflows and inflows relating to net pension liability 1,446,142

Changes in net deferred outflows and inflows relating to net OPEB liability 26,100

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

Net change in net pension liability	(1,959,916)
Net change in net OPEB liability	(22,699)
Net change in accrued compensated absences	(10,263)
Total	(1,992,878)

Change in net position	\$ 3,934,279
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WATFORD CITY PARK DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
DECEMBER 31, 2020

	Rough Rider Center Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,241,922
Accounts receivable	102,492
Due from county	1,157
Due from other funds	111,036
Total assets	1,456,607
LIABILITIES	
Current liabilities:	
Accounts payable	38,119
Accrued liabilities	52,987
Unearned revenue	250,000
Total current liabilities	341,106
Noncurrent liabilities:	
Compensated absences	29,420
Total liabilities	370,526
NET POSITION	
Unrestricted	1,086,081
Total net position	\$ 1,086,081

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Rough Rider Center Fund
OPERATING REVENUES	
Charges for services	\$ 688,829
OPERATING EXPENSES	
Salaries and employee benefits	1,332,449
General maintenance and supplies	281,333
Utilities	398,541
Other operating expenses	235,545
Total operating expenses	2,247,868
Operating income (loss)	(1,559,039)
NONOPERATING REVENUES (EXPENSES)	
Taxes	564,363
Intergovernmental	260,981
Contributions	271,054
Interest	1,896
Miscellaneous	958
Total nonoperating revenues (expenses)	1,099,252
Income (loss) before contributions and transfers	(459,787)
Transfers in	964,594
Transfers out	(50,000)
Total transfers	914,594
Change in net position	454,807
Net position - beginning of year, originally stated	619,369
Prior period adjustment- note 9	11,905
Net position - beginning of year, restated	631,274
Net position - end of year	\$ 1,086,081

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Rough Rider Center Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 688,829
Payments to suppliers	(888,892)
Payments to employees	<u>(1,275,921)</u>
Net cash provided (used) by operating activities	<u>(1,475,984)</u>
Cash flows from noncapital and related financing activities:	
Taxes	564,363
Intergovernmental revenues	263,835
Due from other funds	9,754
Contributions	271,054
Transfers in (out)	<u>914,594</u>
Net cash provided (used) by noncapital and related financing activities	<u>2,023,600</u>
Net change in cash and cash equivalents	547,616
Cash and cash equivalents - January 1	<u>694,306</u>
Cash and cash equivalents - December 31	<u><u>\$ 1,241,922</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (1,559,039)
Changes in assets and liabilities	
Accounts receivable	589
Due from county	42,088
Accounts payable	(16,150)
Accrued liabilities	30,187
Compensated absences	<u>26,341</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,475,984)</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the Governmental Accounting Standards Board. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. Based upon the application of these criteria, the District is not includable as a component unit within another reporting entity and the District does not have a component unit.

Basis of Presentation

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

Government-Wide Financial Statements

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

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

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

Fund Financial Statements

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

Governmental Fund Types

Governmental Funds

General Fund - The general fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District does not have any special revenue funds.

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

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District does not have any debt service funds.

The District reports the following major governmental funds:

General Fund - As described above.

Park and Recreation Facilities Fund - The park and recreation facilities fund is used to account for the financial resources used for the District's expenditures for major capital acquisitions and improvements.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The District reports the following major enterprise fund:

Rough Rider Center Fund – The Rough Rider Center fund is used to account for the District's activities related to administering, maintaining, and operating the city-owned Rough Rider Center.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable balances as of December 31, 2021 and 2020 consist of amounts owed to the District for prior year retribution for fraudulent activity from a prior accountant.

Due From County

Due from county consists of current taxes collected by the county treasurer, but not remitted as of December 31, 2021 and 2020.

Taxes Receivable

Taxes receivable consist of delinquent uncollected taxes at December 31, 2021 and 2020, and are recorded as deferred inflows of resources in the governmental funds and recognized as revenue in the government-wide financial statements.

Due From (To) Other Funds

Due from (to) other funds arise when one fund advances cash to another fund or pays the expenses of another fund.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets acquired December 31, 2014 or earlier are recorded based upon their insured values as of January 1, 2015, which is not in accordance with generally accepted accounting principles in the United States. Additions made on or after January 1, 2015 are recorded at cost. Improvements that significantly extend the useful life of an asset are also capitalized. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The District's capitalization policy is \$5,000 and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Buildings and infrastructure	30 years
Equipment	5 years
Vehicles	5 years
Software	3 years

Compensated Absences

All regular full-time, part-time, and introductory employees are covered by a compensated absences policy consisting of paid time off (PTO). Employees earn PTO at a rate of 11.333 to 20 hours per month dependent upon the employee's years of service. The maximum PTO that could be accumulated during a year is 300 hours, depending on years of service. Unused PTO is carried over at a maximum of 1 years' worth of accumulated PTO hours. Unused PTO in excess 240 hours is converted to extended sick leave (ESL) which has no cap. Upon termination of employment, employees receive 100 percent of their unused PTO at their rate of pay on the date of termination. Unused ESL is not paid out upon termination.

Fund Balance Classifications

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

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

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

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Park Board – the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

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

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District’s financial statements. Restricted net position consists of restricted assets reduced by liabilities. Net investment in capital assets, consists of the remaining un-depreciated cost of the asset less the outstanding debt associated with the purchase or construction of a related asset. 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 restricted or net investment in capital assets components of net position.

Net Position Flow Assumption

Sometimes, the government will fund capital outlays for particular purposes for both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category named *cost sharing defined benefit-pension* and *cost sharing defined benefit-OPEB*, which represents actuarial differences within NDPERS pension and NDPERS OPEB plans as well as amounts paid to the plans after the measurement date. See notes 6 & 7 for further details.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, delinquent property taxes (unavailable revenue), is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues, from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has two items that qualify for reporting in this category named *cost sharing defined benefit – pension* and *cost sharing defined benefit – OPEB*, which represents actuarial differences within NDPERS pension and NDPERS OPEB plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See notes 6 & 7 for further details.

Interfund Transactions

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

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

Pensions

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

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the North Dakota Public Employee Retirement System (NDPERS) and additions to/deduction 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 benefit terms. Investments are reported at fair value.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 1 if the first half of the

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

taxes has not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the District.

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

Use of Estimates

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

NOTE 2 CUSTODIAL CREDIT RISK

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

The District maintains interest bearing cash on deposit at various financial institutions. The amount on deposit was insured by the FDIC up to \$250,000 at each institution. The amount on deposit in excess of FDIC insurance as of December 31, 2021 and 2020 were covered by pledged securities in the District's name.

NOTE 3 INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables/payables at December 31, 2021 were as follows:

Fund	Due From	Due To
Governmental Funds:		
General Fund	\$ 98,838	\$ -
Facilities Fund	-	268,427
Proprietary Funds:		
Rough Rider Center Fund	169,589	-
	<u>\$ 268,427</u>	<u>\$ 268,427</u>

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

Interfund receivables/payables at December 31, 2020 were as follows:

Fund	Due From	Due To
Governmental Funds:		
General Fund	\$ 128,361	\$ -
Facilities Fund	-	239,397
Proprietary Funds:		
Rough Rider Center Fund	111,036	-
	<u>\$ 239,397</u>	<u>\$ 239,397</u>

These advances were made to cover payroll and related expenses.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 994,167	\$ -	\$ -	\$ 994,167
Construction in progress	6,778,595	2,898,415	-	9,677,010
Total capital assets not being depreciated	<u>7,772,762</u>	<u>2,898,415</u>	<u>-</u>	<u>10,671,177</u>
Capital assets, being depreciated:				
Buildings and improvements	4,767,287	-	-	4,767,287
Machinery and equipment	529,821	99,486	(13,900)	615,407
Vehicles	92,399	23,190	(16,155)	99,434
Software	18,111	-	-	18,111
Total capital assets being depreciated	<u>5,407,618</u>	<u>122,676</u>	<u>(30,055)</u>	<u>5,500,239</u>
Less accumulated depreciation for:				
Buildings and improvements	628,504	158,911	-	787,415
Machinery and equipment	396,542	57,456	(9,700)	444,298
Vehicles	52,127	12,814	(3,500)	61,441
Software	18,111	-	-	18,111
Total accumulated depreciation	<u>1,095,284</u>	<u>229,181</u>	<u>(13,200)</u>	<u>1,311,265</u>
Total capital assets being depreciated, net	<u>4,312,334</u>	<u>(106,505)</u>	<u>(16,855)</u>	<u>4,188,974</u>
Governmental capital assets, net	<u>\$ 12,085,096</u>	<u>\$ 2,791,910</u>	<u>\$ (16,855)</u>	<u>\$ 14,860,151</u>

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Business Activities:				
Capital assets, being depreciated:				
Vehicles	\$ -	\$ 25,000	\$ -	\$ 25,000
Less accumulated depreciation for:				
Vehicles	-	1,667	-	1,667
Business capital assets, net	<u>\$ -</u>	<u>\$ 23,333</u>	<u>\$ -</u>	<u>\$ 23,333</u>

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 994,167	\$ -	\$ 994,167
Construction in progress	1,567,519	5,211,076	-	6,778,595
Total capital assets not being depreciated	<u>1,567,519</u>	<u>6,205,243</u>	<u>-</u>	<u>7,772,762</u>
Capital assets, being depreciated:				
Buildings and improvements	4,885,389	54,061	(172,163)	4,767,287
Machinery and equipment	507,696	33,125	(11,000)	529,821
Vehicles	65,244	32,155	(5,000)	92,399
Software	18,111	-	-	18,111
Total capital assets being depreciated	<u>5,476,440</u>	<u>119,341</u>	<u>(188,163)</u>	<u>5,407,618</u>
Less accumulated depreciation for:				
Buildings and improvements	498,941	158,421	(28,858)	628,504
Machinery and equipment	353,403	54,139	(11,000)	396,542
Vehicles	46,140	10,987	(5,000)	52,127
Software	18,111	-	-	18,111
Total accumulated depreciation	<u>916,595</u>	<u>223,547</u>	<u>(44,858)</u>	<u>1,095,284</u>
Total capital assets being depreciated, net	<u>4,559,845</u>	<u>(104,206)</u>	<u>(143,305)</u>	<u>4,312,334</u>
Governmental capital assets, net	<u>\$ 6,127,364</u>	<u>\$ 6,101,037</u>	<u>\$ (143,305)</u>	<u>\$ 12,085,096</u>

Depreciation expense of \$229,180 and \$223,547 was charged to park operations for the years ended December 31, 2021 and 2020, respectively. Depreciation expense of \$1,667 was charged to the Rough Rider Center for the year ended December 31, 2021.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

NOTE 5 INTERFUND TRANSFERS

Interfund transfers at December 31, 2021 were as follows:

	General Fund	Park & Recreation Facilities Fund	Rough Rider Center Fund	Total
Transfer In	\$ 185,000	\$ 697,382	\$ 179,270	\$ 1,061,652
Transfer Out	(889,214)	(172,438)	-	(1,061,652)
	<u>\$ (704,214)</u>	<u>\$ 524,944</u>	<u>\$ 179,270</u>	<u>\$ -</u>

The purpose of the transfers out of the general fund was to provide funds to the park & recreation facilities fund for capital projects and to provide the Rough Rider Center fund with a portion of property tax revenue to help fund operations. The transfers to the general fund were to replenish the fund for incurring expenses for the other funds.

Interfund transfers at December 31, 2020 were as follows:

	General Fund	Park & Recreation Facilities Fund	Rough Rider Center Fund	Total
Transfer In	\$ 100,000	\$ 300,000	\$ 964,594	\$ 1,364,594
Transfer Out	(1,175,000)	(139,594)	(50,000)	(1,364,594)
	<u>\$ (1,075,000)</u>	<u>\$ 160,406</u>	<u>\$ 914,594</u>	<u>\$ -</u>

The purpose of the transfers out of the general fund was to provide funds to the park & recreation facilities fund for capital projects and to provide the Rough Rider Center fund with a portion of property tax revenue to help fund operations. The transfers to the general fund were to replenish the fund for incurring expenses for the other funds.

NOTE 6 PENSION PLAN: NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM (MAIN SYSTEM)

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

NDPERS is a cost-sharing, multiple-employer defined benefit 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 contributions and investment earnings of the plan.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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; and one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be 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 of disabled is set by NDPERS in the North Dakota Administrative Code.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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 accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. 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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – December 31, 2021

At December 31, 2021, the District reported a liability of \$979,450 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the District's proportion was 0.09397 percent, which was an increase of 0.00943 percent from its proportion measured at June 30, 2020.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

For the year ended December 31, 2021, the District recognized pension expense of \$323,395. At December 31, 2021, the 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	\$ 16,910	\$ (99,966)
Changes of assumptions	1,084,061	(1,413,389)
Net difference between projected and actual earnings on pension plan investments	-	(363,262)
Changes in proportion and differences between employer contributions and proportionate share of contributions	367,401	-
Employer contributions subsequent to the measurement date	<u>86,363</u>	<u>-</u>
Total	<u><u>\$ 1,554,735</u></u>	<u><u>\$ (1,876,617)</u></u>

\$86,363 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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:

Year ending December 31:

2022	\$ 24,393
2023	(62,271)
2024	(43,786)
2025	(326,581)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – December 31, 2020

At December 31, 2020, the District reported a liability of \$2,659,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was based on the Employer's

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the District's proportion was 0.08454 percent, which was an increase of 0.02483 percent from its proportion measured at June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$607,976. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,351	\$ (134,773)
Changes of assumptions	1,425,806	(235,721)
Net difference between projected and actual earnings on pension plan investments	85,844	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	362,657	(4)
Employer contributions subsequent to the measurement date	76,083	-
Total	\$ 1,960,741	\$ (370,498)

\$76,083 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2021.

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

Year ended December 31:

2021	\$ 473,080
2022	395,653
2023	315,168
2024	330,259

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

Actuarial Assumptions – December 31, 2021

The total pension liability in the July 1, 2021 actuarial valuations were 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
Global Real Assets	19%	4.77%

Actuarial Assumptions – December 31, 2020

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

Inflation	2.25%
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.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
Global Real Assets	19%	5.01%

Discount Rate – December 31, 2021

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 1.92%, and the resulting Single Discount Rate is 7.00%.

Discount Rate – December 31, 2020

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

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

Sensitivity of the Employer’s proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following present the Employer’s proportionate share of the net pension liability calculated using the discount rate percent of 7.00 and 4.64 percent as of December 31, 2021 and 2020, respectively, 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 or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
December 31, 2021			
Employer's proportionate share of the net pension liability	<u>\$ 1,557,654</u>	<u>\$ 979,450</u>	<u>\$ 498,004</u>
	1% Decrease	Current Discount Rate	1% Increase
	3.64%	4.64%	5.64%
December 31, 2020			
Employer's proportionate share of the net pension liability	<u>\$ 3,450,855</u>	<u>\$ 2,659,772</u>	<u>\$ 2,012,474</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director – NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

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.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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

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

OPEB Benefits

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

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

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

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB for December 31, 2021

At December 31, 2021, the Employer reported a liability of \$50,826 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the District's proportion was 0.091385 percent, which was an increase of 0.011255 percent from its proportion measured at June 30, 2020.

For the year ended December 31, 2021, the Employer recognized OPEB expense of \$12,594. At December 31, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,919	\$ (1,393)
Changes of assumptions	7,871	-
Net difference between projected and actual earnings on OPEB plan investments	-	(17,414)
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,723	-
Employer contributions subsequent to the measurement date	11,761	-
	<u>44,274</u>	<u>(18,807)</u>
Total	<u>\$ 44,274</u>	<u>\$ (18,807)</u>

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

The \$11,761 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in the OPEB expense as follows:

Year ended December 31:

2022	\$	4,597
2023		4,472
2024		3,589
2025		351
2026		697

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	Not applicable
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 MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
International Equities	26%	6.25%
Core-Plus Fixed Income	35%	0.50%

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 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 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Employer's proportionate share of the net OPEB liability	\$ 75,381	\$ 50,826	\$ 30,048

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB for December 31, 2020

At December 31, 2020, the Employer reported a liability of \$67,405 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 Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At December 31, 2020, the Employer's proportion was 0.080130 percent, which was an increase of 0.024469 percent.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

For the year ended December 31, 2020, the Employer recognized OPEB expense of \$14,120. At December 31, 2020, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,497	\$	(1,616)
Changes of assumptions	9,038		-
Net difference between projected and actual earnings on OPEB plan investments	2,318		-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,225		-
Employer contributions subsequent to the measurement date	11,783		-
Total	\$ 43,861	\$	(1,616)

The \$11,783 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in the OPEB expense as follows:

Year ended December 31:

2021	\$	6,587
2022		7,186
2023		7,076
2024		6,288
2025		3,222
Thereafter		103

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	Not applicable
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 MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Incomes	40%	1.15%
International Equities	21%	6.45%

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.

WATFORD CITY PARK DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 DECEMBER 31, 2021 AND 2020

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net OPEB liability	\$ 88,403	\$ 67,405	\$ 49,648

NOTE 8 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Watford City Park District pays an annual premium to NDRIF for its general liability coverage, and auto coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence.

The Watford City Park District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party. The State Bonding Fund provided the District with blanket fidelity bond coverage in the amount of \$1,311,100 for the year ended December 31, 2021. The State Bonding Fund does not currently charge any premium for this coverage.

The Watford City Park District participates in the North Dakota Worker's Compensation Bureau and purchases commercial insurance for employee health and accident insurance.

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

NOTE 9 PRIOR PERIOD ADJUSTMENT

The District has posted a prior period adjustment to its January 1, 2020 financial statements to adjust the beginning fund cash balances for the Parks & Recreation Fund and Rough Rider Center Funds. The adjustments resulted in an increase of cash and fund balance net position as follows: Park & Recreation Facilities Fund \$75,709 and Rough Rider Center Fund \$11,905.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

NOTE 10 NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

WATFORD CITY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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

NOTE 11 COMMITMENTS

As of December 31, 2021, the District had outstanding commitment of approximately \$163,145 for the Veteran's Park and \$93,414 for the Softball Complex.

As of December 31, 2020, the District had outstanding commitment of approximately \$1,899,362 for the Veteran's Park and \$754,238 for the Softball Complex.

NOTE 12 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through July 6, 2022, which is the date these financial statements were available to be issued.

WATFORD CITY PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts Original and Final	General Fund	Budget to Actual Differences
REVENUES			
Taxes	\$ 1,224,000	\$ 1,254,977	\$ 30,977
Intergovernmental	84,750	210,630	125,880
Charges for services	63,000	107,373	44,373
Interest	2,000	4,146	2,146
Grants and contributions	4,000	4,146	146
Miscellaneous	675,000	8,320	(666,680)
Total revenues	2,052,750	1,589,592	(463,158)
EXPENDITURES			
Current:			
Park operations	1,798,400	852,011	946,389
Capital outlay	-	122,676	(122,676)
Total expenditures	1,798,400	974,687	823,713
Excess of revenues over (under) expenditures	254,350	614,905	360,555
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of equipment	-	66,500	66,500
Transfers in	-	185,000	185,000
Transfers out	(395,000)	(889,214)	(494,214)
Total other financing sources (uses)	(395,000)	(637,714)	(242,714)
Excess of revenues and other sources (uses) over (under) expenditures	\$ (140,650)	(22,809)	\$ 117,841
Fund balance - January 1		142,145	
Fund balance - December 31		\$ 119,336	

WATFORD CITY PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts Original and Final	General Fund	Budget to Actual Differences
REVENUES			
Taxes	\$ 1,100,000	\$ 1,832,933	\$ 732,933
Intergovernmental	124,750	162,942	38,192
Charges for services	82,000	90,766	8,766
Interest	3,000	7,328	4,328
Grants and contributions	-	18,487	18,487
Miscellaneous	-	9,619	9,619
Total revenues	<u>1,309,750</u>	<u>2,122,075</u>	<u>812,325</u>
EXPENDITURES			
Current:			
Park operations	901,300	752,320	148,980
Capital outlay	-	103,340	(103,340)
Total expenditures	<u>901,300</u>	<u>855,660</u>	<u>45,640</u>
Excess of revenues over (under) expenditures	<u>408,450</u>	<u>1,266,415</u>	<u>857,965</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of equipment	-	1,187	1,187
Transfers in	-	100,000	100,000
Transfers out	(400,000)	(1,175,000)	(775,000)
Total other financing sources (uses)	<u>(400,000)</u>	<u>(1,073,813)</u>	<u>(673,813)</u>
Excess of revenues and other sources (uses) over (under) expenditures	<u>\$ 8,450</u>	192,602	<u>\$ 184,152</u>
Fund balance - January 1, restated		<u>(50,457)</u>	
Fund balance - December 31		<u>\$ 142,145</u>	

SEE NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

WATFORD CITY PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.09397%	\$ 979,450	\$ 1,068,581	91.66%	78.26%
2020	0.08454%	2,659,772	932,625	285.19%	48.91%
2019	0.05971%	699,856	621,093	112.68%	71.66%
2018	0.05973%	1,008,397	613,851	164.27%	62.80%
2017	0.04851%	779,699	495,203	157.45%	61.98%
2016	0.03128%	304,854	315,224	96.71%	70.46%
2015	0.01410%	95,898	125,639	76.33%	77.15%

* Complete data for this schedule is not available prior to 2015.

WATFORD CITY PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.091385%	\$ 50,826	\$ 996,334	5.10%	76.63%
2020	0.080130%	67,405	913,453	7.38%	63.38%
2019	0.055661%	44,706	621,093	7.20%	63.13%
2018	0.056100%	44,183	613,851	7.20%	61.89%

* Complete data for this schedule is not available prior to 2018.

WATFORD CITY PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 86,363	\$ (86,363)	\$ -	\$ 1,212,958	7.12%
2020	76,083	(76,083)	-	1,068,581	7.12%
2019	45,086	(45,086)	-	633,596	7.12%
2018	44,974	(44,974)	-	631,579	7.12%
2017	44,906	(44,906)	-	630,707	7.12%
2016	30,962	(30,962)	-	434,857	7.12%
2015	14,452	(14,452)	-	202,977	7.12%

* Complete data for this schedule is not available prior to 2015

WATFORD CITY PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 11,761	\$ (11,761)	\$ -	\$ 1,031,667	1.14%
2020	11,783	(11,783)	-	1,033,596	1.14%
2019	7,223	(7,223)	-	633,596	1.14%
2018	7,200	(7,200)	-	631,579	1.14%

* Complete data for this schedule is not available prior to 2018.

WATFORD CITY PARK DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021 AND 2020

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

On or before August 10th of each year, a budget is prepared for the subsequent year. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next year. All annual appropriations lapse at fiscal year end. On or about October 7th, the proposed budget is presented to the District's commissioners for review. The Park District holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the commissioners. The final budget must be filed with the county auditor by October 10th.

The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10th.

Except as provided by the North Dakota Century Code, the balance of each appropriation becomes a part of the unappropriated fund balance at year-end.

The District prepares its budget and reports its governmental funds on the same basis of accounting.

NOTE 2 LEGAL COMPLIANCE (BUDGETS)

The District had expenditures that exceeded budgeted appropriations for the following funds for the year ended December 31, 2021:

Parks & Recreation Fund	\$28,133
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No remedial action is anticipated or required by the District regarding these excess expenditures.

NOTE 3 CHANGE IN ASSUMPTIONS

NDPERS Pension Plan

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

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

WATFORD CITY PARK DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
DECEMBER 31, 2021 AND 2020

NDPERS OPEB

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

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

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

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

NOTE 4 CHANGES IN BENEFIT TERMS

NDPERS Pension Plan

The interest rate earned on member contributions decreased 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 increased 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, 2020.

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.

NDPERS OPEB

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

WATFORD CITY PARK DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – PARKS & RECREATION FACILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts Original and Final	Park & Recreation Facilities Fund	Budget to Actual Differences
REVENUES			
Taxes	\$ 170,000	\$ 173,599	\$ 3,599
Intergovernmental	880,000	830,000	(50,000)
Charges for services	-	2,000	2,000
Grants and contributions	305,000	70,549	(234,451)
Miscellaneous	-	21,704	21,704
Total revenues	1,355,000	1,097,852	(257,148)
EXPENDITURES			
Current:			
Park operations	12,000	-	12,000
Capital outlay	2,858,283	2,898,416	(40,133)
Total expenditures	2,870,283	2,898,416	(28,133)
Excess of revenues over (under) expenditures	(1,515,283)	(1,800,564)	(285,281)
OTHER FINANCING SOURCES (USES)			
Transfers in	395,000	697,382	302,382
Transfers out	-	(172,438)	(172,438)
Total other financing sources (uses)	395,000	524,944	129,944
Excess of revenues and other sources (uses) over (under) expenditures	\$ (1,120,283)	(1,275,620)	\$ (155,337)
Fund balance - January 1		2,153,951	
Fund balance - December 31		\$ 878,331	

WATFORD CITY PARK DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – PARKS & RECREATION FACILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts Original and Final	Park & Recreation Facilities Fund	Budget to Actual Differences
REVENUES			
Taxes	\$ 155,000	\$ 146,189	\$ (8,811)
Intergovernmental	3,600,000	-	(3,600,000)
Grants and contributions	160,000	3,873,707	3,713,707
Miscellaneous	-	2,170	2,170
Total revenues	3,915,000	4,022,066	107,066
EXPENDITURES			
Current:			
Park operations	7,500	197,837	(190,337)
Capital outlay	7,683,897	5,705,443	1,978,454
Total expenditures	7,691,397	5,903,280	1,788,117
Excess of revenues over (under) expenditures	(3,776,397)	(1,881,214)	1,895,183
OTHER FINANCING SOURCES (USES)			
Transfers in	450,000	300,000	(150,000)
Transfers out	-	(139,594)	(139,594)
Total other financing sources (uses)	450,000	160,406	(289,594)
Excess of revenues and other sources (uses) over (under) expenditures	\$ (3,326,397)	(1,720,808)	\$ 1,605,589
Fund balance - January 1, restated		3,874,759	
Fund balance - December 31		\$ 2,153,951	

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

To the Park District Board
Watford City Park District
Watford City, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Watford City Park District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Watford City 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 Watford City Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Watford City 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about Watford City 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*.

Watford City Park District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Watford City Park District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Watford City Park District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses

Purpose of this Report

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



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

July 6, 2022

WATFORD CITY PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020

2021-001: Preparation of the Financial Statements – Material Weakness

Criteria

An appropriate system of internal controls requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The District's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the entity currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause

The District elected to not allocate resources for the preparation of the financial statements.

Effect

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

Recommendation

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Responses

Due to the small size of the Watford City Park District, it is not cost effective for the Watford City Park District to properly address this material weakness.

WATFORD CITY PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
DECEMBER 31, 2021 AND 2020

2021-002: Proposition of Journal Entries – Material Weakness

Criteria

The District is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition

During our audit, material adjusting entries to the financial statements were proposed in order to bring certain financial accounts in compliance with GAAP.

Cause

The organization's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect

The organization's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Action

The accounting staff will work to ensure that all accounts are properly stated for future audits.

WATFORD CITY PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
DECEMBER 31, 2021 AND 2020

2021-003: Segregation of Duties – Material Weakness

Criteria

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause

The organization is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation

We recommend the organization review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Views of Responsible Officials and Planned Corrective Action

- A list of bills is prepared and receive board approval every month before checks are printed and bills are paid. If a board member has any questions or concerns on a certain bill, they are addressed at Park Board meeting before they are approved to be paid.
- All checks written require two signatures.
- As of August 2019, there is separation of duties between the person responsible for printing the checks versus the one authorizing payments.
- Monthly income statements and fund balances are presented to the Park Board monthly. They are reviewed and approved at each board meeting.
- Two people are required to count cash and sign off on daily deposits.