



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## West Fargo Park District

West Fargo, North Dakota

Audit Report for the Year Ended December 31, 2021

*Client Code: PS9121*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# WEST FARGO PARK DISTRICT

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For the Year Ended December 31, 2021

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## **WEST FARGO PARK DISTRICT**

Park District Officials

December 31, 2021

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### **PARK DISTRICT OFFICIALS**

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

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave, Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise West Fargo Park District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District, as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 West Fargo 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 Matter*

As discussed in Note 2 to the financial statements, the 2020 financial statements have been restated to correct misstatements. 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 West Fargo Park District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

## WEST FARGO PARK DISTRICT

### Independent Auditor's Report – Continued

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023 on our consideration of West Fargo Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Fargo Park District's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
January 24, 2023

## WEST FARGO PARK DISTRICT

### Statement of Net Position

December 31, 2021

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 5,305,411
Cash with Fiscal Agent	7
Intergovernmental Receivable	150,011
Accounts Receivable	85,856
Due from County	4,857
Taxes Receivable	65,127
Special Assessments Receivable	3,936,496
Capital Assets	
Nondepreciable	12,540,693
Depreciable, Net	<u>32,853,239</u>
Total Assets	<u>\$ 54,941,697</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Derived from Pension and OPEB	<u>\$ 1,703,053</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 56,644,750</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 164,266
Salaries Payable	11,031
Encumbrance	9,181
Retainage Payable	406,169
Interest Payable	366,495
Long-Term Liabilities	
Due Within One Year	
Long-Term Debt	2,045,692
Compensated Absences Payable	40,307
Due After One Year	
Long-Term Debt	38,545,396
Compensated Absences Payable	161,229
Net Pension & OPEB Liability	<u>1,363,412</u>
Total Liabilities	<u>\$ 43,113,178</u>
<b>DEFERRED INFOWS OF RESOURCES</b>	
Derived from Pension and OPEB	<u>\$ 2,509,886</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 45,623,064</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 7,451,345
Restricted	
Debt Service	2,054,352
Capital Projects	1,896,646
Culture and Recreation	223,259
Unrestricted	<u>(603,916)</u>
Total Net Position	<u><u>\$ 11,021,686</u></u>

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

**WEST FARGO PARK DISTRICT**

## Statement of Activities

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					<b>Governmental Activities</b>
General Government	\$ 2,412,043	\$ -	\$ -	\$ -	\$ (2,412,043)
Recreation	3,326,496	1,278,673	11,144	253,627	(1,783,052)
Interest on Long-Term Debt	1,281,142	-	-	-	(1,281,142)
Total Governmental Activities	<u>\$ 7,019,681</u>	<u>\$1,278,673</u>	<u>\$ 11,144</u>	<u>\$ 253,627</u>	<u>\$ (5,476,237)</u>
<b>General Revenues</b>					
Property Taxes					\$ 5,075,813
Unrestricted Grants and Contributions					838,283
Unrestricted Investment Earnings					20,820
Net Gain on Sale of Capital Assets					4,913
Miscellaneous Revenue					<u>60,600</u>
Total General Revenues					<u>\$ 6,000,429</u>
Change in Net Position					<u>\$ 524,192</u>
Net Position - January 1					<u>\$ 10,414,757</u>
Prior Period Adjustments					<u>\$ 82,737</u>
Net Position - January 1, as Restated					<u>\$ 10,497,494</u>
Net Position - December 31					<u>\$ 11,021,686</u>

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



**WEST FARGO PARK DISTRICT**

Balance Sheet – Governmental Funds

December 31, 2021

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 1,530,325	\$ 1,906,218	\$ 1,644,609	\$ 224,259	\$ 5,305,411
Cash with Fiscal Agent	-	4	3	-	7
Intergovernmental Receivables	150,011	-	-	-	150,011
Accounts Receivable	85,856	-	-	-	85,856
Due from County	2,593	-	2,264	-	4,857
Taxes Receivable	27,442	-	37,685	-	65,127
Special Assessments Receivable	-	-	3,936,496	-	3,936,496
Total Assets	<u>\$ 1,796,227</u>	<u>\$ 1,906,222</u>	<u>\$ 5,621,057</u>	<u>\$ 224,259</u>	<u>\$ 9,547,765</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 13,783	\$ 142,385	\$ 7,098	\$ 1,000	\$ 164,266
Salaries Payable	11,031	-	-	-	11,031
Retainage Payable	-	393,249	12,920	-	406,169
Encumbrance	3,548	5,633	-	-	9,181
Total Liabilities	<u>\$ 28,362</u>	<u>\$ 541,267</u>	<u>\$ 20,018</u>	<u>\$ 1,000</u>	<u>\$ 590,647</u>
Deferred Inflows of Resources					
Taxes Receivable	\$ 27,442	\$ -	\$ 37,685	\$ -	\$ 65,127
Special Assessments Receivable	-	-	3,936,496	-	3,936,496
Total Deferred Inflows of Resources	<u>\$ 27,442</u>	<u>\$ -</u>	<u>\$ 3,974,181</u>	<u>\$ -</u>	<u>\$ 4,001,623</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 55,804</u>	<u>\$ 541,267</u>	<u>\$ 3,994,199</u>	<u>\$ 1,000</u>	<u>\$ 4,592,270</u>
Fund Balances					
Restricted					
Debt Service	\$ -	\$ -	\$ 1,095,167	\$ -	\$ 1,095,167
Capital Projects	-	1,364,955	531,691	-	1,896,646
Culture and Recreation	-	-	-	18,301	18,301
Assigned					
Culture and Recreation	-	-	-	204,958	204,958
Unassigned	1,740,423	-	-	-	1,740,423
Total Fund Balances	<u>\$ 1,740,423</u>	<u>\$ 1,364,955</u>	<u>\$ 1,626,858</u>	<u>\$ 223,259</u>	<u>\$ 4,955,495</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,796,227</u>	<u>\$ 1,906,222</u>	<u>\$ 5,621,057</u>	<u>\$ 224,259</u>	<u>\$ 9,547,765</u>

## WEST FARGO PARK DISTRICT

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2021

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<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 4,955,495</b>
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Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.	45,393,932
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Property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Property Taxes Receivable	\$ 65,127	
Special Assessments Receivable	<u>3,936,496</u>	4,001,623

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions & OPEB	\$ 1,703,053	
Deferred Inflows Related to Pensions & OPEB	<u>(2,509,886)</u>	(806,833)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Long-Term Debt	\$ (40,591,088)	
Interest Payable	(366,495)	
Compensated Absences	(201,536)	
Net Pension & OPEB Liability	<u>(1,363,412)</u>	<u>(42,522,531)</u>

<b>Total Net Position of Governmental Activities</b>	<b>\$ <u>11,021,686</u></b>
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The notes to the financial statements are in integral part of this statement.

**WEST FARGO PARK DISTRICT**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2021

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 2,606,935	\$ 82,120	\$ 2,380,439	\$ -	\$ 5,069,494
Special Assessments	-	-	380,661	-	380,661
Charges for Services	1,259,923	-	-	18,750	1,278,673
Intergovernmental	838,283	202,300	-	11,144	1,051,727
Interest Income	-	20,797	23	-	20,820
Miscellaneous	31,012	29,588	-	-	60,600
Total Revenues	\$ 4,736,153	\$ 334,805	\$ 2,761,123	\$ 29,894	\$ 7,861,975
<b>EXPENDITURES</b>					
Current					
General Government	\$ 2,246,401	\$ -	\$ -	\$ -	\$ 2,246,401
Culture and Recreation	1,430,590	-	-	19,204	1,449,794
Capital Outlay	-	6,224,963	532,568	-	6,757,531
Debt Service					
Principal	52,661	510,000	1,285,574	-	1,848,235
Interest and Fees	1,130	589,350	585,912	-	1,176,392
Total Expenditures	\$ 3,730,782	\$ 7,324,313	\$ 2,404,054	\$ 19,204	\$ 13,478,353
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,005,371	\$ (6,989,508)	\$ 357,069	\$ 10,690	\$ (5,616,378)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	\$ -	\$ 5,775,000	\$ 1,890,000	\$ -	\$ 7,665,000
Bond Premium	-	315,700	4,324	-	320,024
Sale of Capital Assets	-	10,192	-	-	10,192
Amount to Escrow	-	-	(1,843,478)	-	(1,843,478)
Transfers In	100,000	1,566,614	217,603	100,000	1,984,217
Transfers Out	(985,000)	-	(999,217)	-	(1,984,217)
Total Other Financing Sources and Uses	\$ (885,000)	\$ 7,667,506	\$ (730,768)	\$ 100,000	\$ 6,151,738
Net Change in Fund Balances	\$ 120,371	\$ 677,998	\$ (373,699)	\$ 110,690	\$ 535,360
Fund Balance - January 1	\$ 1,620,052	\$ 686,957	\$ 2,097,164	\$ 112,569	\$ 4,516,742
Prior Period Adjustment	\$ -	\$ -	\$ (96,607)	\$ -	\$ (96,607)
Restated Fund Balance - January 1	\$ 1,620,052	\$ 686,957	\$ 2,000,557	\$ 112,569	\$ 4,420,135
Fund Balance - December 31	\$ 1,740,423	\$ 1,364,955	\$ 1,626,858	\$ 223,259	\$ 4,955,495

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

## WEST FARGO PARK DISTRICT

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

For the Year Ended December 31, 2021

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 535,360</b>
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	\$ 6,651,339	
Depreciation Expense	<u>(1,559,701)</u>	5,091,638
In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.		
Sale of Capital Assets	\$ (10,192)	
Gain on Sale of Capital Assets	<u>4,913</u>	(5,279)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. Proceeds from long-term debt provides financial resources to the governmental funds, but increases long-term liabilities in the statement of net position.		
Repayment of Debt	\$ 1,848,235	
Issuance of Debt	(7,985,024)	
Debt Defeased through an Advanced Refunding	1,765,000	
Special Assessment Financing	<u>(210,809)</u>	(4,582,598)
Bond premium is a reduction in interest expense, as they are amortized over the life of the outstanding bonds using the straight-line method.		
		42,536
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Change in Compensated Absences	\$ (5,521)	
Net Change in Interest Payable	<u>(68,808)</u>	(74,329)
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.		
Net Change in Taxes Receivable	\$ 6,319	
Net Change in Special Assessments Receivable	<u>(329,334)</u>	(323,015)
The net pension and OPEB liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.		
Net Change in Net Pension and OPEB Liability	\$ 2,560,478	
Net Change in Deferred Outflows of Resources Related to Pensions & OPEB	(750,362)	
Net Change in Deferred Inflows of Resources Related to Pensions & OPEB	<u>(1,970,237)</u>	<u>(160,121)</u>
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 524,192</b>

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

## WEST FARGO PARK DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2021

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

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

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

#### Blended Component Unit

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

#### Basis of Presentation

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

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

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

The Park District reports the following major governmental funds:

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

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

## WEST FARGO PARK DISTRICT

### Notes to the Financial Statements – Continued

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

#### Cash and Investments

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

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

#### Capital Assets

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

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

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

#### Long-Term Liabilities

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

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

**Compensated Absences**

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

**Pension**

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

**Other Post-Employment Benefits (OPEB)**

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

**Fund Balances**

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

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

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

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

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

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

**Net Position**

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

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

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

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

**Interfund Transactions**

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

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

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

**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Net position of the Park District as of January 1, 2021 has been restated for an adjustment to capital assets as shown below. The results of the adjustment increased net position of the Park District.

<b>Governmental Activities</b>	<b>Amounts</b>
Beginning Net Position, as Previously Reported	\$ 10,414,757
Prior Period Adjustment Capital Assets, Net	82,737
Beginning Net Position, Restated	\$ 10,497,494

Fund Balance of the Park District as of January 1, 2021 has been restated for an adjustment to retainage payable as shown below. The results of the adjustment decreased fund balance of the Park District.

<b>Debt Service Fund</b>	<b>Amounts</b>
Beginning Fund Balance, as Previously Reported	\$ 2,097,164
Prior Period Adjustment Retainage Payable	(96,607)
Beginning Fund Balance, Restated	\$ 2,000,557

**NOTE 3 DEPOSITS****Custodial Credit Risk**

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

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



**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

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

At year ended December 31, 2021, the Park District's carrying amount of deposits was \$5,305,418 and the bank balances were \$5,325,986. Of the bank balances, \$5,117,807 was covered by Federal Depository Insurance, \$7 were held at the Bank of North Dakota, which is backed by the full faith of the State of North Dakota, while the remaining balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**NOTE 4 PROPERTY TAXES**

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

**NOTE 5 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2021.

	<b>Bal. Jan 1 Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 6,326,806	\$ -	\$ -	\$ -	\$ 6,326,806
Construction in Progress	3,408,748	6,550,739	-	(3,745,600)	6,213,887
Total Capital Assets, Not Being Depreciated	\$ 9,735,554	\$ 6,550,739	\$ -	\$ (3,745,600)	\$ 12,540,693
Capital Assets Being Depreciated					
Buildings	\$ 25,674,190	\$ -	\$ -	\$ -	\$ 25,674,190
Equipment/Vehicles	2,440,666	100,600	22,409	-	2,518,857
Improvements	14,055,065	-	-	3,745,600	17,800,665
Total Capital Assets, Being Depreciated	\$ 42,169,921	\$ 100,600	\$ 22,409	\$ 3,745,600	\$ 45,993,712
Less Accumulated Depreciation					
Buildings	\$ 6,405,897	\$ 777,805	\$ -	\$ -	\$ 7,183,702
Equipment/Vehicles	1,631,994	166,728	17,130	-	1,781,592
Improvements	3,560,011	615,168	-	-	4,175,179
Total Accumulated Depreciation	\$ 11,597,902	\$ 1,559,701	\$ 17,130	\$ -	\$ 13,140,473
Total Capital Assets Being Depreciated, Net	\$ 30,572,019	\$ (1,459,101)	\$ 5,279	\$ 3,745,600	\$ 32,853,239
Governmental Activities Capital Assets, Net	\$ 40,307,573	\$ 5,091,638	\$ 5,279	\$ -	\$ 45,393,932

Depreciation expense was charged to the culture and recreation function.

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

**NOTE 6 LONG-TERM LIABILITIES**

During the year ended December 31, 2021; the following changes occurred in governmental activities long-term liabilities:

	<b>Bal. Jan 1 Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Long-Term Debt					
Revenue Bonds	\$ 22,250,000	\$ -	\$ 2,680,000	\$ 19,570,000	\$ 815,000
G.O. Bonds	8,640,000	1,890,000	610,000	9,920,000	770,000
Special Assmt. Bonds	1,646,012	5,775,000	135,593	7,285,419	292,366
Loans Payable	37,660	-	37,660	-	-
Leases Payable	15,000	-	15,000	-	-
Special Assessments Payable	2,939,168	210,809	134,982	3,014,995	125,790
Bond Premium	523,186	320,024	42,536	800,674	42,536
Total Long-Term Debt	\$ 36,051,026	\$ 8,195,833	\$ 3,655,771	\$ 40,591,088	\$ 2,045,692
Compensated Absences *	\$ 196,015	\$ 5,521	\$ -	\$ 201,536	\$ 40,307
Net Pension and OPEB Liability	3,923,890	-	2,560,478	1,363,412	-
Total Primary Government	\$ 40,170,931	\$ 8,201,354	\$ 6,216,249	\$ 42,156,036	\$ 2,085,999

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

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

<b>Year Ending Dec 31</b>	<b>Revenue Bonds</b>		<b>G.O. Bonds</b>		<b>Special Assmt. Bonds</b>		<b>Special Assmt. Payable</b>		<b>Bond Premium</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2022	\$ 815,000	\$ 649,341	\$ 770,000	\$ 222,889	\$ 292,366	\$ 216,449	\$ 125,790	\$ 125,602	\$ 42,536
2023	830,000	622,313	715,000	208,605	346,127	173,936	126,952	121,450	42,536
2024	840,000	593,694	685,000	195,156	356,926	163,488	128,159	116,033	42,536
2025	865,000	563,574	655,000	182,030	345,000	152,475	129,413	110,570	42,536
2026	895,000	533,373	650,000	168,981	355,000	142,075	130,716	105,059	42,536
2027 - 2031	4,795,000	2,208,891	3,195,000	615,725	1,880,000	545,025	671,131	441,085	212,682
2032 - 2036	5,005,000	1,410,338	2,510,000	248,710	1,970,000	291,825	688,201	297,209	212,682
2037 - 2041	4,560,000	537,630	740,000	24,790	1,740,000	87,399	733,156	147,659	146,264
2042 - 2046	965,000	35,776	-	-	-	-	281,477	28,182	16,366
Total	\$19,570,000	\$7,154,930	\$9,920,000	\$1,866,886	\$7,285,419	\$1,772,672	\$3,014,995	\$1,492,849	\$800,674

**Advanced Debt Refunding (Defeased Debt)**

On August 4, 2021, the Park District issued \$1,890,000 General Obligation Park Facilities Refunding Bonds, Series 2021A with a true interest cost of 1.57% to refund the remaining Lease Revenue Bonds, Series 2013 which had a balance of \$1,765,000. This gave a total cost savings of \$263,935, which resulted in \$242,251 in net present value savings (economic gain) over the remainder of the bonds. The Lease Revenue Bonds, Series 2013 is considered defeased and is not shown in the financial statements.

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

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

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

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

**Pension Benefits**

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

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

**Death and Disability Benefits**

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

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

**Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

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

**Member and Employer Contributions**

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

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

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

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

At December 31, 2021, the Park District reported a liability of \$1,297,049 for its proportionate share of 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 determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the Park District's proportion was .124441 percent, which was an increase of .002781 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Park District recognized pension expense of \$264,471. At December 31, 2021, the Park District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 22,392	\$ 132,382
Changes of Assumptions	1,435,582	1,871,689
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	481,055
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	118,901	-
Employer Contributions Subsequent to the Measurement Date	90,410	-
Total	\$ 1,667,285	\$ 2,485,126

\$90,410 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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.

2022	(95,674)
2023	(192,684)
2024	(159,528)
2025	(460,374)

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

**Actuarial Assumptions**

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

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equities	30%	6.00%
International Equities	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

**Discount rate**

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

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

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

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Proportionate Share of the Net Pension Liability	\$ 2,062,744	\$ 1,297,049	\$ 659,488

**Pension plan fiduciary net position**

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

**NOTE 8 OPEB PLAN****General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

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

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

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

**OPEB Benefits**

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

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

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

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.

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

At December 31, 2021, the Park District reported a liability of \$66,363, for their proportionate shares 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 Park District's proportion of the net OPEB liability was based on their share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the Park District's proportion was .119321 percent, which was an increase of .004675 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021 the Park District recognized OPEB expense of \$10,642. At December 31, 2021, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,812	\$ 1,819
Changes of Assumptions	10,277	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	22,738
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,203	203
Employer Contributions Subsequent to the Measurement Date	14,476	-
Total	\$ 35,768	\$ 24,760

\$14,476 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022.

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

2022	\$ 201
2023	37
2024	(913)
2025	(3,270)
2026	477

**Actuarial Assumptions**

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

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

For active members, inactive members and healthy retirees, mortality rates were based on the 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

**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

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Proportionate Share of the Net OPEB Liability	\$ 98,425	\$ 66,363	\$ 39,234

**NOTE 9 COMMITMENTS**

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

<b>Project</b>	<b>Contract Amount</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>
Park Improvement District 2019-1 Phase 3	\$ 343,076	\$ 129,203	\$ 12,920	\$ 226,793
Park Improvement District 2021-1	3,293,028	3,170,642	192,822	315,208
Park Improvement District 2021-1 Phase 2	2,372,157	2,336,449	200,427	236,135
Total All Projects	\$ 6,008,261	\$ 5,636,294	\$ 406,169	\$ 778,136



**WEST FARGO PARK DISTRICT**

## Notes to the Financial Statements – Continued

**NOTE 10 SUBSEQUENT EVENTS**

Subsequent to December 31, 2021, the Park District issued refunding improvement bonds in the amount of \$4,450,000 for the purpose of financing park improvements for North Elmwood Park. Future bond principal payments are due annually and range from \$80,000 to \$320,000, with interest between 3.50% to 5.00%. The bonds mature in FY2042. West Fargo Baseball is contributing \$500,000 over 10 years for funding of this project.

**NOTE 11 TRANSFERS**

Transfers from Debt Service and General Fund to the Capital Project Fund are used to cover capital improvements costs. The Transfers from the General Fund to the Debt Service Fund are used to cover principal and interest costs. The Transfers from the General Fund to the Non-Major Fund are used to cover capital improvement costs. See breakdown by fund for Transfers In and Transfers Out in schedule below.

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Fund</b>		
General Fund	\$ 100,000	\$ (985,000)
Capital Project Fund	1,566,614	
Debt Service Fund	217,603	(999,217)
<b>Non-Major Fund</b>	100,000	
<b>Total Transfers</b>	<b>\$ 1,984,217</b>	<b>\$ (1,984,217)</b>

**NOTE 12 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Park District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of five million dollars per occurrence for general liability and five million automobile liability and \$1,255,475 for public asset coverage.

The Park District also participates in the State Bonding Fund and the North Dakota Fire and Tornado Fund. The State Bonding Fund currently provides the Park District with blanket fidelity bond coverage in the amount of \$1,617,302 for its employees. The State Bonding Fund does not currently charge any premium for this coverage. The Park District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dollars per occurrence.

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

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

**WEST FARGO PARK DISTRICT**

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,760,650	\$ 2,760,650	\$ 2,606,935	\$ (153,715)
Charges for Services	952,000	952,000	1,259,923	307,923
Intergovernmental	638,000	638,000	838,283	200,283
Miscellaneous	5,000	5,000	31,012	26,012
Total Revenues	\$ 4,355,650	\$ 4,355,650	\$ 4,736,153	\$ 380,503
<b>EXPENDITURES</b>				
Current				
General Government	\$ 2,281,210	\$ 2,281,210	\$ 2,246,401	\$ 34,809
Recreation	1,590,000	1,590,000	1,430,590	159,410
Debt Service				
Principal	52,660	52,660	52,661	(1)
Interest	1,130	1,130	1,130	-
Total Expenditures	\$ 3,925,000	\$ 3,925,000	\$ 3,730,782	\$ 194,218
Excess (Deficiency) of Revenues Over Expenditures	\$ 430,650	\$ 430,650	\$ 1,005,371	\$ 574,721
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 100,000	\$ 100,000
Transfers Out	(1,125,000)	(1,527,850)	(985,000)	542,850
Total Other Financing Sources (Uses)	\$ (1,125,000)	\$ (1,527,850)	\$ (885,000)	\$ 642,850
Net Change in Fund Balances	\$ (694,350)	\$ (1,097,200)	\$ 120,371	\$ 1,217,571
Fund Balances - January 1	\$ 1,620,052	\$ 1,620,052	\$ 1,620,052	\$ -
Fund Balances - December 31	\$ 925,702	\$ 522,852	\$ 1,740,423	\$ 1,217,571

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

**WEST FARGO PARK DISTRICT**

Schedule of Employer's Share of Net Pension Liability and Employer Contributions  
For the Year Ended December 31, 2021

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.124441%	\$ 1,297,049	\$ 1,409,154	92.04%	78.26%
2020	0.121660%	3,827,450	1,342,057	285.19%	48.91%
2019	0.116450%	1,364,878	1,211,281	112.68%	71.66%
2018	0.112523%	1,898,948	1,155,966	164.27%	62.80%
2017	0.106106%	1,705,472	1,083,177	157.45%	61.98%
2016	0.093004%	906,415	937,258	96.71%	70.46%
2015	0.096366%	655,272	858,506	76.33%	77.15%
2014	0.093924%	596,156	791,187	75.35%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 103,919	\$ 100,721	\$ 3,198	\$ 1,457,255	6.91%
2020	95,029	94,461	568	1,359,923	6.95%
2019	88,188	85,483	2,705	1,211,281	7.06%
2018	85,142	80,020	5,122	1,155,966	6.92%
2017	78,543	74,683	3,860	1,083,177	6.89%
2016	67,856	65,891	1,965	937,258	7.03%
2015	65,210	60,499	4,711	858,506	7.05%
2014	61,226	(61,226)	-	791,187	7.12%

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

**WEST FARGO PARK DISTRICT**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
For the Year Ended December 31, 2021

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.119321%	\$ 66,363	\$ 1,300,902	5.10%	76.63%
2020	0.114646%	96,440	1,306,932	7.38%	63.38%
2019	0.108552%	87,188	1,211,281	7.20%	63.13%
2018	0.105643%	83,201	1,155,966	7.20%	61.89%
2017	0.100123%	79,198	1,083,177	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 15,644	\$ 14,979	\$ 665	\$ 1,457,255	1.03%
2020	15,354	14,893	461	1,359,923	1.10%
2019	14,087	13,687	400	1,211,281	1.13%
2018	13,559	12,812	747	1,155,966	1.11%
2017	12,591	11,958	633	1,083,177	1.10%

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

## **WEST FARGO PARK DISTRICT**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2021

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### **NOTE 1            STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgetary Information**

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

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

### **NOTE 2            CHANGES OF BENEFIT TERMS**

#### **Pension**

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.

#### **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.

**WEST FARGO PARK DISTRICT**Notes to the Required Supplementary Information - Continued

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**NOTE 3 CHANGES OF ASSUMPTIONS****Pension**

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

**OPEB**

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

**NOTE 4 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

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

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

The board of commissioners amended the Park District budget for 2021 as follows:

	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 5,050,000	\$ 402,850	\$ 5,452,850
Capital Projects	1,496,000	5,624,314	7,120,314
Debt Service	2,984,065	735,941	3,720,006

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave, Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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### Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the West Fargo Park District's basic financial statements, and have issued our report thereon dated January 24, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the West Fargo Park District's internal control over financial reporting (internal control) 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 West Fargo Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Fargo Park District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying *schedule of audit findings*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as item 2021-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as item 2021-002 to be a significant deficiency.

## **WEST FARGO PARK DISTRICT**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the West Fargo 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*.

### **West Fargo Park District's Response to Findings**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, ND  
January 24, 2023



## WEST FARGO PARK DISTRICT

Summary of Auditor's Results

For the Year Ended December 31, 2021

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### Financial Statements

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

### Internal control over financial reporting

Material weaknesses identified?	<u>  X  </u> Yes	<u>      </u> None Noted
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Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u> Yes	<u>      </u> None Noted
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Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> None Noted
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## **WEST FARGO PARK DISTRICT**

Schedule of Audit Findings

For the Year Ended December 31, 2021

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### **2021-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS**

#### **Condition**

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

#### **Effect**

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

#### **Cause**

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

#### **Criteria**

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

#### **Repeat Finding**

Yes.

#### **Recommendation**

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

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

#### **West Fargo Park District's Response**

I agree. We hope to add staff in the near future to solve this weakness.

**2021-002 – AUDIT ADJUSTMENT – SIGNIFICANT DEFICIENCY**

**Condition**

During testing, auditor-identified \$84,000 as an unrecorded accounts receivable. The adjustment was proposed and accepted by West Fargo Park District and the financial statements were adjusted accordingly.

**Effect**

The financial statements may have been misstated if the account receivable had not been adjusted during the audit.

**Cause**

West Fargo Park District may not have been aware that the \$84,000 should have been recorded as an account receivable.

**Criteria**

West Fargo Park District is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with Generally Accepted Accounting Principles (GAAP).

**Repeat Finding**

Yes.

**Recommendation**

We recommend West Fargo Park District carefully prepare and review the receivable listing to ensure the listing is accurate and correctly presented in the financial statements in accordance with GAAP.

**West Fargo Park District's Response**

I agree. The annual West Fargo Hockey Association contract crosses two fiscal years and I made the error with including one payment in the incorrect fiscal year.

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. Boulevard Ave, Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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## GOVERNANCE COMMUNICATION

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January 24, 2023

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Fargo Park District, West Fargo, North Dakota, for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 17, 2022. Professional standards also require that we communicate to you with the following information related to our audit.

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by West Fargo Park District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by West Fargo Park District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

### Difficulties Encountered in Performing the Audit

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

	<b>Passed Adjustments</b>	
	<b>Debit</b>	<b>Credit</b>
<b><u>Fund Level</u></b>		
<b>Debt Service Fund</b>		
Accounts Receivable	32,610	
Revenue		32,610
<b>Non-Major Fund</b>		
Accounts Payable	2,551	-
Expenditures	-	2,551
<b><u>Government Wide Adjustment</u></b>		
Interest Payable	7,627	-
Expenditures	-	7,627

The following material misstatements detected as a result of audit procedures were corrected by management.

	<b>Adjustments</b>	
	<b>Debit</b>	<b>Credit</b>
<b><u>Fund Level</u></b>		
<b>General Fund</b>		
Accounts Receivable	84,000	-
Revenue	-	84,000
<b>Capital Project Fund</b>		
Miscellaneous Revenue	202,300	-
Intergovernmental Revenue	-	202,300
<b><u>Government Wide Adjustment</u></b>		
Operating Grants and Contribution	202,300	-
Capital Grants and Contributions	-	202,300

### **Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated January 24, 2023.

**Management Consultations with Other Independent Accountants**

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

**Other Audit Findings or Issues**

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

**Other Matters**

We applied certain limited procedures to the *budgetary comparison schedule, schedule of district’s share of net pension liability and district contributions, schedule of district’s share of net OPEB liability and district contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

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

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
January 24, 2023



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505