



Financial Statements
December 31, 2021

Williston Parks & Recreation District

Williston Parks & Recreation District

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Williston Parks & Recreation District

Park District Officials

December 31, 2021

2021 Board Members

Jeff Larson	President
Mike Owens	Vice-President
Kelly Heller	Commissioner
Rheanda Jangula	Commissioner
John Liffbrig	Commissioner



Independent Auditor's Report

Park Board
Williston Parks & Recreation District
Williston, North Dakota

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, discretely presented component unit, and each major fund of the Williston Parks & Recreation District, Williston, North Dakota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Williston Parks & Recreation District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibility 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 Williston Parks & Recreation District and to meet 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Williston Parks & Recreation 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 Williston Parks & Recreation 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Williston Parks & Recreation District's basic financial statements. The budgetary comparison information on pages 23-24, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information on pages 23-24 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Park District officials on page 1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 25, 2022 on our consideration of the Williston Parks & Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Williston Parks & Recreation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Williston Parks & Recreation District's internal control over financial reporting and compliance.



Bismarck, North Dakota
April 25, 2022

Williston Parks & Recreation District
Statement of Net Position – Modified Cash Basis
December 31, 2021

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u>
Assets		
Cash and investments	\$ 4,938,716	\$ 131,116
Reserve fund cash	5,971,103	-
Capital assets not being depreciated		
Land	450,000	-
Capital assets (net of accumulated depreciation)		
Buildings	63,294,477	-
Vehicles	133,274	-
Equipment	2,626,906	-
Land improvements	2,689,672	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 80,104,148</u>	<u>\$ 131,116</u>
Liabilities		
Long-term liabilities		
Due within one year		
Revenue bonds payable	\$ 2,842,197	\$ -
Due after one year		
Revenue bonds payable	31,616,965	-
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 34,459,162</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 34,735,167	\$ -
Restricted for		
Debt service	7,985,232	-
Unrestricted	2,924,587	131,116
	<u> </u>	<u> </u>
Total net position	<u>\$ 45,644,986</u>	<u>\$ 131,116</u>

Williston Parks & Recreation District

Statement of Activities – Modified Cash Basis

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary	Component Unit
				Governmental Activities	
Governmental Activities					
Culture and recreation	\$ 9,515,515	\$ 3,037,719	\$ 216,123	\$ (6,261,673)	\$ -
Interest and bond costs on long-term debt	1,919,862	-	-	(1,919,862)	-
Total Governmental Activities	<u>\$ 11,435,377</u>	<u>\$ 3,037,719</u>	<u>\$ 216,123</u>	<u>(8,181,535)</u>	<u>-</u>
Component Unit					
Williston Parks & Recreation District Foundation	<u>\$ 167,352</u>	<u>\$ -</u>	<u>\$ 187,191</u>	-	19,839
General Revenues					
Sales tax				7,341,147	-
Other unrestricted aid				439,364	-
Interest income				2,950	-
Mineral lease revenue				369,091	-
Miscellaneous revenue				245,006	23
Total general revenues				<u>8,397,558</u>	<u>23</u>
Change in net position				<u>216,023</u>	<u>19,862</u>
Net position - January 1				<u>45,428,963</u>	<u>111,254</u>
Net position - December 31				<u>\$ 45,644,986</u>	<u>\$ 131,116</u>

Williston Parks & Recreation District
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2021

	Major Funds		Total Governmental Funds
	General	Debt Service Fund	
Assets			
Cash and investments	\$ 2,924,587	\$ 2,014,129	\$ 4,938,716
Reserve fund cash	-	5,971,103	5,971,103
Total assets	<u>\$ 2,924,587</u>	<u>\$ 7,985,232</u>	<u>\$ 10,909,819</u>
Fund Balances			
Restricted for:			
Debt service	\$ -	\$ 7,985,232	\$ 7,985,232
Unrestricted	<u>2,924,587</u>	<u>-</u>	<u>2,924,587</u>
Total fund balances	<u>\$ 2,924,587</u>	<u>\$ 7,985,232</u>	<u>\$ 10,909,819</u>

Williston Parks & Recreation District

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Modified Cash Basis

December 31, 2021

Total fund balances for governmental funds		\$ 10,909,819
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 are not reported in the governmental funds		
Cost of capital assets	\$ 90,467,586	
Less accumulated depreciation	<u>(21,273,257)</u>	
Net capital assets		69,194,329
Long-term liabilities applicable to the Park District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities are reported in the statement of net position.		
Balances at December 31, 2021 are		
Revenue bonds payable		<u>(34,459,162)</u>
Total net position of governmental activities		<u><u>\$ 45,644,986</u></u>

Williston Parks & Recreation District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash

Basis

Year Ended December 31, 2021

	Major Funds		Total
	General	Debt Service Fund	Governmental Funds
Revenues			
Taxes	\$ 3,670,575	\$ 3,670,575	\$ 7,341,150
Intergovernmental	439,364	-	439,364
Charges for services	3,037,719	-	3,037,719
Contributions	216,123	-	216,123
Mineral lease revenue	369,091	-	369,091
Miscellaneous	245,006	-	245,006
Interest	1,271	1,679	2,950
Total revenues	<u>7,979,149</u>	<u>3,672,254</u>	<u>11,651,403</u>
Expenditures			
Current			
General culture and recreation	1,814,174	-	1,814,174
Parks	853,911	-	853,911
Recreation programs	1,048,041	-	1,048,041
Community Center	2,797,176	-	2,797,176
Golf	142,637	-	142,637
Capital Outlay	65,871	-	65,871
Sales tax credit rebate	595,018	-	595,018
Debt service			
Principal	-	10,545,000	10,545,000
Interest and bond costs	-	1,906,759	1,906,759
Miscellaneous fees	-	5,300	5,300
Total expenditures	<u>7,316,828</u>	<u>12,457,059</u>	<u>19,773,887</u>
Revenues Over (Under) Expenditures	<u>662,321</u>	<u>(8,784,805)</u>	<u>(8,122,484)</u>
Other Financing Sources (Uses)			
Transfer in	-	351,572	351,572
Transfers out	(351,572)	-	(351,572)
Total Other Financing Sources (Uses)	<u>(351,572)</u>	<u>351,572</u>	<u>-</u>
Net Change in Fund Balances	<u>310,749</u>	<u>(8,433,233)</u>	<u>(8,122,484)</u>
Fund Balance - January 1	<u>2,613,838</u>	<u>16,418,465</u>	<u>19,032,303</u>
Fund Balance - December 31	<u>\$ 2,924,587</u>	<u>\$ 7,985,232</u>	<u>\$ 10,909,819</u>

Williston Parks & Recreation District

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to
the Statement of Activities – Modified Cash Basis
Year Ended December 31, 2021

Net change in fund balances - total governmental funds \$ (8,122,484)

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. This is the amount by
which capital outlays exceeded depreciation
in the current year.

Current year capital outlay	\$	65,874	
Current year depreciation expense		<u>(2,264,564)</u>	
			(2,198,690)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	10,545,000
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Bond discounts decrease bond proceeds recorded as current financial resources in the governmental funds in the year bonds are issued, but are amortized over the maturity period of the bond in the statement of activities	<u>(7,803)</u>
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Change in net position of governmental activities	<u><u>\$ 216,023</u></u>
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Note 1 - Principal Business Activity and Significant Accounting Policies**Reporting Entity**

The accompanying financial statements present the activities of the Williston Parks & Recreation District (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 Park District.

Component Unit

In conformity with a modified cash basis, the financial statements of the Williston Parks & Recreation Foundation (Foundation) have been included in the financial reporting entity as discretely presented component unit.

Discretely Presented Component Unit – The component unit column in the government-wide financial statements include the financial data of the Park District's component unit, Williston Parks & Recreation Foundation. This unit is reported in a separate column to emphasize that it is legally separate from the Park District.

Williston Parks & Recreation District Foundation – The Foundation raises money on behalf of the Park District.

Complete financial statements may be obtained from the WPRD Foundation, PO Box 1153, Williston ND 58802.

Government-Wide Statements

The statement of net position and statement of activities display information about the Park District. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of net position reports financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The statement of activities compares the direct expenses and program revenues for the governmental activities of the Park District. Direct expenses are clearly identifiable with a specific function. Program revenues consist of charges paid by recipients of goods and services offered by the programs, operating grants and contributions, and capital grants and contributions. General revenues, including taxes, are those revenues that are not classified as program revenue.

Fund Financial Statements

The fund financial statements provide detailed information for governmental funds. The fund statement's emphasis is on major governmental funds.

Measurement Focus, Basis of Accounting, Non-Exchange Transactions, and Financial Statement Presentation

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

In the government-wide statement of net position and statement of activities the governmental type activities are presented using the economic resources measurement focus, applied within the limitations of the modified basis of accounting as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied within the limitations of the cash basis of accounting.

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involved modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction occurred. Such report balances include investments, capital assets, and long-term debt.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements. In additions, other economic assets, deferred outflows, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event that would be reported in GAAP basis financial statements (such as donated assets) are not reported in this modified cash basis presentation, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

Non-exchange transactions include transactions in which the District receives value without directly providing value in return. Non-exchange transactions include grants, entitlements, and donations. Under the modified cash basis of accounting the revenue from non-exchange transactions will be recorded when received.

The Park District reports the following major governmental funds:

General Fund – This is the Park District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. It accounts for the operation of various community sports and other activity programs and recreational activities, the maintenance and repair of the Community Center, and the operations and maintenance of the golf courses.

Debt Service – This fund is used to account for and report financial resources that are restricted for principal and interest payments on the bonds.

The Park District follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for all governmental entities. For the government-wide financial statements and the governmental fund financial statements, the Park District follows all applicable GASB pronouncements to the extent they are applicable to the modified cash basis of accounting.

Equity Classifications

Government-wide Statements

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Restricted and Unrestricted Resources

It is the Park District’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Classification Policies and Procedures

The Park District classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal action of the highest level of decision-making authority is needed to rescind fund balance constraints for specific purposes.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Finance Director.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The Park District uses *restricted* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Park District would first use *committed*, then *assigned*, and lastly *unassigned amounts* of unrestricted fund balance when expenditures are made.

The Park District does not have a formal minimum fund balance policy.

Program Revenues

In the government-wide statement of activities, reported program revenues derive directly from the program itself or from parties other than the Park District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – these arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – these arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – these arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and certificates of deposit with original maturities of 3 months or less.

Investments consist entirely of certificates of deposit, with a maturity in excess of 90 days, stated at cost.

Reserve Fund Cash

Reserve fund cash includes amounts deposited in accounts set aside for principal and interest payments on bonds.

Capital Assets

Capital assets which include property and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Park District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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:

Buildings	20-100 years
Vehicles	5-10 years
Equipment	5-25 years
Land improvements	10-15 years

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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 interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

Note 2 - Deposits

In accordance with North Dakota Statutes, the Park District and the Foundation maintain deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any park, city, township, school 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 \$10,909,819. The Park District's deposits include \$5,971,103 of commercial paper sweep accounts held in Trust. These deposits are covered by bonds disclosed in Note 6. Of the remaining balance, \$250,000 is covered by the Federal Deposit Insurance Corporation (FDIC); the remainder is covered by pledged assets. The Foundation's carrying amount of deposits was \$131,116.

Interest Rate Risk

The Park District and the Foundation do not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates. All investments are certificates of deposit that mature within 1 year.

Credit Risk

The Park District and the Foundation may invest idle funds as authorized in North Dakota Statutes, as follows:

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- d) Obligations of the state.

As of December 31, 2021, the Park District held certificates of deposit in the amount of \$680,787 which all mature within one year.

Concentration of Credit Risk

The Park District and the Foundation do not have a limit on the amount the district may invest in any one issuer.

Note 3 - General Fund Expenditures

At December 31, 2021 the following fund had actual expenditures that exceeded the adopted budget:

General Fund	\$ (231,013)
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The general fund expenditures over budget were eliminated by additional revenue in the current year.

Note 4 - Interfund Transfer

Interfund activity at December 31, 2021 consisted of the following:

<u>Transfer out</u>	<u>Transfer in</u>	<u>2021</u>
General fund	Debt Service Fund	<u>\$ 351,572</u>

The purpose of the interfund transfer is to move generated revenues to the debt service fund to make the required 2017 bond payments.

Williston Parks & Recreation District

Notes to Financial Statements

December 31, 2021

Note 5 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2021. Currently the Park District maintains records and depreciation schedules for all current capital assets and for significant long-lived assets where historical costs have been found, and that still have useful lives. Depreciation expense is charged to culture and recreation.

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Total capital assets not being depreciated	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Capital assets, being depreciated				
Buildings	78,822,450	-	-	78,822,450
Vehicles	466,211	-	(69,206)	397,005
Equipment	5,712,718	11,442	-	5,724,160
Land Improvements	5,007,919	66,052	-	5,073,971
Total capital assets being depreciated	<u>90,009,298</u>	<u>77,494</u>	<u>(69,206)</u>	<u>90,017,586</u>
Less accumulated depreciation for				
Buildings	(13,911,978)	(1,615,995)	-	(15,527,973)
Vehicles	(293,669)	(27,645)	57,583	(263,731)
Equipment	(2,795,752)	(301,502)	-	(3,097,254)
Land Improvements	(2,064,877)	(319,422)	-	(2,384,299)
Total accumulated depreciation	<u>(19,066,276)</u>	<u>(2,264,564)</u>	<u>57,583</u>	<u>(21,273,257)</u>
Governmental type activity capital assets, net	<u>\$ 71,393,022</u>	<u>\$ (2,187,070)</u>	<u>\$ (11,623)</u>	<u>\$ 69,194,329</u>

In the governmental activities section of the statement of activities, depreciation was charged to expense in the following governmental functions:

Governmental activities	
Culture and Recreation	<u>\$ 2,264,564</u>

Williston Parks & Recreation District

Notes to Financial Statements

December 31, 2021

Note 6 - Long-Term Debt

Primary Government

Changes in Long-Term Liabilities - During the year ended December 31, 2021, the following changes occurred in long-term debt:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Bonds payable	\$ 45,090,000	\$ -	\$ 10,545,000	\$ 34,545,000	\$ 2,850,000
Bond discount	(93,641)	-	(7,803)	(85,838)	(7,803)
Total	<u><u>\$ 44,996,359</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,537,197</u></u>	<u><u>\$ 34,459,162</u></u>	<u><u>\$ 2,842,197</u></u>

Outstanding debt at December 31, 2021 consists of the following:

\$48,405,000 sales tax and gross revenue bonds of 2012, for construction of the Williston Area Recreation Center. Biannual installments of \$260,000 to \$1,665,000, plus interest, through September 1, 2031; interest at 3.00% to 5.00%	\$ 25,495,000
\$11,325,000 sales tax and gross revenue bonds of 2017, for the partial refunding of the 2012 sales tax and gross revenue bonds. Biannual installments of \$240,000 to \$480,000, plus interest, through April 1 2032; interest of 4.5% to 6.25%	9,050,000
Total	<u><u>\$ 34,545,000</u></u>

The annual requirements to amortize the loan payable and revenue bonds are as follows:

Year Ending December 31	Revenue Bonds Payable	
	Principal	Interest
2022	\$ 2,850,000	\$ 1,553,863
2023	2,980,000	1,432,763
2024	3,115,000	1,303,826
2025	3,250,000	1,158,776
2026	3,410,000	1,001,460
2027 - 2031	17,330,000	2,567,694
2032	1,610,000	50,312
Total	<u><u>\$ 34,545,000</u></u>	<u><u>\$ 9,068,694</u></u>

The bonds payable contains certain covenants. The Park District was in compliance with all of these covenants as of or for the year ended December 31, 2021.

The Park District has pledged a portion of future sales tax revenues to repay \$48,405,000 in sales tax and gross revenue bonds issued in August 2012 to finance the construction of the new recreation center. The bonds are payable from half of the Park District sales tax receipts. Total principal and interest remaining on the bonds is \$30,934,737, payable through March 2031. For the current year, principal and interest paid and sales tax revenues were \$9,990,000, \$1,318,326, and \$3,670,575 respectively.

The Park District has pledged a portion of future park gross revenues to repay \$11,325,000 in sales tax and gross revenue bonds issued in July 2017 for the partial refunding of the 2012 sales tax and gross revenue bonds. The bonds are payable from park gross revenues, excluding any revenues from park sales taxes until the bonds issued under the 2012 indenture are repaid. Total principal and interest remaining on the bonds is \$12,678,956 payable through April 2032. For the current year, principal and interest paid were \$555,000 and \$555,413, respectively.

Note 7 - Restricted Net Position

Restricted net position for the year ended December 31, 2021 is as follows:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Debt Service	Contractual Agreement	\$ 7,985,232

Note 8 - Risk Management

Williston Parks & Recreation 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 Williston Parks & Recreation District pays an annual premium to NDIRF for its general liability, auto, and public asset insurance coverage. The coverage by NDIRF is limited to losses of \$500,000 per occurrence for general liability and auto of \$300,000 for public asset coverage.

Williston Parks & Recreation District participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Williston Parks & Recreation District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period.

The State Bonding Fund currently provides Williston Parks & Recreation District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Williston Parks & Recreation District has workers compensation with the North Dakota Workforce Insurance and Safety. Williston Parks & Recreation District participates in the NDPERS insurance plan. The Park District pays the entire cost for the health insurance policy for all full-time employees, either single or family plan. Williston Parks & Recreation District pays premiums for a \$25,000 basic term life insurance policy for all full-time employees. The policy is through a private insurance company.

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

Note 9 - Pension Plan

Williston Parks & Recreation District contributes to a Nationwide Retirement Solutions government deferred compensation 457(b) retirement plan for its park district employees. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Park Board. The Park District contributes 9.2 percent of gross salaries for each participating employee. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. For the year ended December 31, 2021, employee contributions totaled \$69,543, and the Park District recognized pension expense of \$214,252.

Employees are immediately vested in their own contributions and earnings on those contributions, as well as the Park District contributions and earnings on Park District contributions. There are no forfeitures that reduce the Park District's pension expense.

The Park District had no liability to the Plan at December 31, 2021.

Note 10 - Sales Tax Rebate

The State of North Dakota collects sales tax and remits to the City of Williston 2% of the sales tax collected within the City limits. The City then remits half of the amount collected to the Park District. Individuals and organizations that pay sales tax in excess of the amount allowable for certain purchases can apply for a refund from the State of North Dakota. The State of North Dakota then requests reimbursement for the sales tax overages collected and remitted to various local governments. As a result of the global pandemic, many oil related entities filed for a sales tax rebate. This impacted the Park District to a great degree. The Park District was assessed a \$2,804,798 assessment for the sales tax rebate. The Park District has approximately \$930,000 to be paid on this sales tax rebate as of December 31, 2021. The Park District is making monthly payments of \$40,755 a month and has a balloon payment of \$647,481 on August 1, 2022.

The sales tax rebates can be filed to the state within three years from the date of purchase. The state has not indicated to the City of Williston and therefore the Park District, what is the estimated rebate will be for them as of December 31, 2021.

The Park District is working with Bond Counsel on the proper allocation of the rebate payments due to the City of Williston/State of North Dakota between the Bond portion and the operations portion.

The Park District is in ongoing negotiations with the city to amend the Sales tax Rebate JPA, this would require and extension on the Balloon payment due to the city on August 1st, 2022. A formal request has been prepared by Bond Counsel & Colliers, on the behalf of the Park District to negotiate and amendment to the JPA. If the City of Williston agrees to negotiate on the repayment of the balloon payment due August 1st, 2022, this would enable the Park District to correctly allocate the Sales Tax funds from the sales tax collections, to pay the rebate equally from the project portion & the operations portion of the sales tax collections, versus the entire 100% coming from the operations portions of the sales tax collections.



Supplementary Information
December 31, 2021

Williston Parks & Recreation District

Williston Parks & Recreation District
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2021

	2021			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 3,750,000	\$ 3,750,000	\$ 3,670,575	\$ (79,425)
Intergovernmental	310,313	310,313	439,364	129,051
Charges for services	3,089,315	3,089,315	3,037,719	(51,596)
Contributions	15,600	15,600	216,123	200,523
Mineral lease revenue	70,000	70,000	369,091	299,091
Miscellaneous	115,200	115,200	245,006	129,806
Interest Income	2,645	2,645	1,271	(1,374)
Total revenues	<u>7,353,073</u>	<u>7,353,073</u>	<u>7,979,149</u>	<u>626,076</u>
Expenditures				
Current				
Culture and recreation	6,464,797	6,464,797	6,655,939	(191,142)
Capital outlay	26,000	26,000	65,871	(39,871)
Sales tax credit rebate	595,018	595,018	595,018	-
Total expenditures	<u>7,085,815</u>	<u>7,085,815</u>	<u>7,316,828</u>	<u>(231,013)</u>
Excess of Revenues over Expenditures	<u>267,258</u>	<u>267,258</u>	<u>662,321</u>	<u>395,063</u>
Other Financing Sources (Uses)				
Transfers in (out)	(1,107,454)	(1,107,454)	(351,572)	755,882
Total other financing uses	<u>(1,107,454)</u>	<u>(1,107,454)</u>	<u>(351,572)</u>	<u>755,882</u>
Net Change in Fund Balances	<u>(840,196)</u>	<u>(840,196)</u>	<u>310,749</u>	<u>1,150,945</u>
Fund Balance - January 1	<u>2,613,838</u>	<u>2,613,838</u>	<u>2,613,838</u>	<u>-</u>
Fund Balance December 31	<u>\$ 1,773,642</u>	<u>\$ 1,773,642</u>	<u>\$ 2,924,587</u>	<u>\$ 1,150,945</u>

Note 1 - Stewardship, Compliance, and Accountability

Budgetary Information

- The park board adopts an “appropriate budget” on the modified cash basis of accounting.
- Annually on or before September 10th the Park District prepares a preliminary budget. NDCC 40-40-04.
- The preliminary budget includes the estimated revenues and appropriations for the general fund, each special revenue fund and each debt service fund of the Park District. NDCC 40-40-05.
- 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 is prepared which includes a summary of the amounts levied for each fund and the total amount levied. NDCC 40-40-08.
- The park board, on or before October 7th, the final budget is completed. NDCC 40-40-09.
- Each budget is controlled by the Park District clerk at the revenue and expenditure function/object level.
- The current budget 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.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Park Board
Williston Parks & Recreation District
Williston, 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, discretely presented component unit, and each major fund of Williston Parks & Recreation District, Williston, North Dakota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Williston Parks & Recreation District's basic financial statements and have issued our report thereon dated April 25, 2022. The statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Williston Parks & Recreation 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 Williston Parks & Recreation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Williston Parks & Recreation District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Summary of Findings, Recommendations, and Park District Responses 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 Summary of Findings, Recommendations, and Park District Responses as items 2021-002, 2021-003, 2021-004, and 2021-006, to be material weaknesses.

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 Summary of Findings, Recommendations, and Park District Responses as items 2021-001 and 2020-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Williston Parks & Recreation 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 matter that is required to be reported under *Government Auditing Standards*.

Williston Parks & Recreation District's Responses to Findings

Williston Parks & Recreation District's responses to the findings identified in our audit are described in the accompanying Summary of Findings, Recommendations and Park District Responses. Williston Parks & Recreation District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

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

Bismarck, North Dakota
April 25, 2022

Current Audit Findings and Recommendations

2021-001 Segregation of Duties – Significant Deficiency

Condition: The Park District has a lack of segregation of duties in certain areas due to a limited staff, accordingly, does not have adequate internal accounting controls in revenue and expenditure functions.

Criteria: A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Park District has an insufficient number of staff to adequately separate duties.

Effect: Inadequate segregation of duties could adversely affect the Park District's ability to detect misstatements in the financial statements in a timely period by employees in the normal course of performing their assigned function.

Recommendation: All accounting functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the Park District. We also recommend cross-training employees so more than one employee could complete each function if necessary.

Management's Response: The Williston Parks & Recreation District continues to segregate the duties of all key accounting personnel in the most efficient manner possible, given its limited staff.

2021-002 Recording of Transactions and Journal Entries – Material Weakness

Condition: We identified misstatements in the Park District's financial statements causing us to propose material audit adjustments.

Criteria: A good system of internal accounting control contemplates proper reconcilements of all general ledger accounts and adjustments of those accounts to the reconciled balances.

Cause: The Park District does not have adequate staff trained in the recording of all transactions and journal entries which could cause the need for auditors to at times propose material journal entries

Effect: Inadequate internal controls over recording of transactions and posting journal entries affect the Park Board's ability to detect misstatements in amounts that would be material in relation to the financial statements.

Recommendation: We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted.

Management's Response: Management has instituted training protocols and identified staff as backups to ensure of more accurate and timely recording of transactions. All general ledger accounts will be reconciled in a timely manner and adjustments for any differences will be noted accordingly. It is not cost-effective for an organization of our size to have staff prepare all adjustments needed for an audit-ready trial balance; we have chosen to hire Eide Bailly, a public accounting firm, to assist us in preparing these transactions.

2021-003 Preparation of Financial Statements and Footnotes – Material Weakness

Condition: The Park District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Criteria: The Park District's internal control structure should be designed to provide for the preparation of the financial statements and footnotes that are materially correct and being audited in accordance with the modified cash basis of accounting.

Cause: The Park District does not have adequate staff trained to prepare financial statements and related footnotes.

Effect: Inadequate controls over financial reporting of the Park District results in a more than remote likelihood that the Park District would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendation: It is important that you be aware of this condition for financial reporting purposes. Management and the Park Board should continually be aware of the financial reporting of the Park District and changes in reporting requirements.

Management's Response: Since it is not cost-effective for an organization our size to have staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare the audit financial statements as part of their annual audit of the Williston Parks & Recreation District.

2021-004 Reconciliation and Recording of Transactions in Debt Service Fund – Material Weakness

Condition: The Park District did not record the transaction activity of the debt service fund.

Criteria: Proper controls include monitoring, recording, and reconciling all accounts in the Park District's name to ensure accounting records appropriately reflect the activity in all cash accounts.

Cause: The Park District does not have adequate staff trained in the recording of activity in the debt service fund.

Effect: Inadequate controls could adversely affect the Park District's ability to detect misstatements in amounts of cash and expenditures recorded that would be significant in relation to the financial statements. This could result in the improper safeguarding of assets, recording of activity and compliance with bond requirements.

Recommendation: We recommend the Park District start properly recording the transaction activity of the debt service fund. We recommend they start reconciling the statements obtained with the activity recorded in their general ledger to ensure all activity is appropriate and in compliance with bond requirements.

Management's Response: The Park District receives monthly statements from the Trustee and reviews the statements for any unusual activity. The Park District will add recording these transactions in the trial balance as part of the project plan of addressing the various findings in this report.

2021-005 Reconciliation of Services Provided – Significant Deficiency

Condition: The Park District does not have an internal control system designed to follow up on differences between program and service revenues recorded for activities, the participants in those activities, and the cash received for those activities.

Criteria: Proper controls include investigation of the differences between cash received and program and service revenue recorded and the related participants.

Cause: There were reconciling differences between service revenue recorded for program activities, participants in those activities, and the cash received for those activities

Effect: Inadequate controls could adversely affect the Park District's ability to detect misstatements in amounts of cash and revenue recorded in a timely period by employees who would review the cash and revenue recorded for the activities and programs run by the Park District. The control deficiency could result in the improper safeguarding of assets and recording of revenues.

Recommendation: We recommend the Park District implement procedures to follow up on differences between program and service revenues and the number of participants to ensure cash collected and revenue recorded is proper.

Management's Response: In February 2022, the Park District's interim finance director developed a process for reconciling the services provided. The process will be on a periodic basis going forward.

2021-006 Foundation Documentation – Material Weakness

Condition: The Foundation does not have an internal control system designed to require documentation that all cash disbursements are approved by the Foundation board.

Criteria: Proper controls include documentation of all required approvals.

Cause: 10 disbursements from 14 disbursements tested lacked documentation that the disbursement was approved by the Foundation board.

Effect: Disbursements could be made from the Foundation bank account that was not for a proper Foundation expense.

Recommendation: We recommend the Foundation implement procedures to require all disbursements be properly approved by the board. This approval needs to be documented.

Management's Response: The Foundation board will approve all cash disbursements at each of their meetings. When these cash disbursements are approved via email due to only meeting 3-4 times per year, all documentation will be kept, and each disbursement will be listed on the next monthly agenda and in the minutes as approved by the Foundation board. In addition, at the annual Foundation meeting WPRD will prepare a comprehensive list of all foundation transactions to be discussed for review purposes request board approval of the list in total to lessen the burden of the audit process.