

**OFFICE OF
STATE AUDITOR**

AUDIT REPORT

**WEST FARGO PARK DISTRICT
WEST FARGO, NORTH DAKOTA**

FOR THE YEAR ENDED DECEMBER 31, 2011



WEST FARGO PARK DISTRICT
West Fargo, North Dakota

TABLE OF CONTENTS
For the Year Ended December 31, 2011

	<u>Page(s)</u>
Park Officials	1
Independent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	9
Notes to the Financial Statements	10 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	23
Heritage Square Fund	24
Capital Improvements Fund	25
Notes to the Required Supplementary Information	26
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity	27
Independent Auditor's Reports on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	28 - 29
Schedule of Findings and Questioned Costs	30

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

PARK BOARD OFFICIALS

December 31, 2011

President	Sharon Odegaard
Vice President	Denise Johnson
Board Member	Kathy Scully
Board Member	Todd Rheault
Board Member	Jeff McCracken
Business Manager	Justin Germundson
Executive Director	Barb Erbstoesser

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
Fax (701) 328-1406



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District, West Fargo, North Dakota as of and for the year ended December 31, 2011, which collectively comprise West Fargo Park District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Fargo Park District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, West Fargo, North Dakota, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23 through 25 be presented to supplement the basic financial statements. Such information, although not a required 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 any 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

Management has omitted 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 the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Fargo Park District's financial statements. The schedule of fund activity arising from cash transactions is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling the information such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of fund activity arising from cash transactions is not fairly stated in all material respects to the financial statements taken as a whole.



Robert R. Peterson
State Auditor

December 7, 2012

WEST FARGO PARK DISTRICT
West Fargo, North Dakota
STATEMENT OF NET ASSETS
December 31, 2011

	Governmental Activities
ASSETS:	
Cash and investments	\$ 1,305,166
Restricted Assets:	
Cash and investments	1,242,690
Cash with fiscal agent	280,003
Accounts receivable	66,597
Intergovernmental receivable	166,531
Taxes receivable	45,164
Special assessments receivable	65,411
Long-Term Receivable:	
Long-term special assessments receivable	546,914
Capital Assets (not being depreciated):	
Land	5,561,806
Construction In Progress	514,910
Capital Assets (net of depreciation):	
Buildings	2,712,246
Equipment/Vehicles	567,036
Improvements	2,537,670
Total Capital Assets	<u>\$ 11,893,668</u>
Total Assets	<u>\$ 15,612,144</u>
LIABILITIES:	
Accounts payable	\$ 129,924
Interest payable	168,146
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Revenue bonds payable	280,000
G.O. bond payable	195,000
Special assessment bonds payable	27,479
Loans payable	100,000
Special assessments payable	430,889
Portion Due or Payable After One Year:	
Revenue bonds payable	1,700,000
G.O. bond payable	1,150,000
Special assessment bonds payable	1,926,884
Loans payable	380,000
Special assessments payable	2,900,065
Compensated Absences:	
Due within one year	16,804
Due outside one year	67,215
Total Liabilities	<u>\$ 9,472,406</u>
NET ASSETS:	
Invested in capital assets, net of related debt	\$ 2,803,351
Restricted for:	
Debt service	1,916,978
Culture and recreation	809,758
General government	1,223
Unrestricted	<u>608,428</u>
Total Net Assets	<u>\$ 6,139,738</u>

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Primary Government:</u>				
<u>Governmental Activities:</u>				
General Government	\$ 1,457,293	\$ -	\$ -	\$ (1,457,293)
Recreation	1,309,964	541,299	583,095	(185,570)
Interest on Long-Term Debt	365,166	-	-	(365,166)
Total Governmental Activities	\$ 3,132,423	\$ 541,299	\$ 583,095	\$ (2,008,029)
<u>General Revenues:</u>				
Taxes:				
Property taxes, levied for general purposes				\$ 1,156,827
Property taxes, levied for special revenue				426,318
Property taxes, levied for debt service				831,262
State aid distribution				539,027
Unrestricted investment interest				25,412
Bond issuance discounts				(16,050)
Miscellaneous				120,602
Total General Revenues				\$ 3,083,398
Change in Net Assets				\$ 1,075,369
Net Assets - January 1				\$ 4,968,254
Prior Period Adjustments				96,115
Net Assets - January 1, as restated				\$ 5,064,369
Net Assets - December 31				\$ 6,139,738

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Recreation Fund	Capital Improvements	Share of Specials	Maple Ridge II		
<u>ASSETS</u>							
Cash and Investments	\$ 487,600	\$ 6,876	\$ 500,307	\$ -	\$ -	\$ 310,383	\$ 1,305,166
Intergovernmental Receivables	166,531	-	-	-	-	-	166,531
Accounts Receivable	66,597	-	-	-	-	-	66,597
Taxes Receivable	22,461	6,871	-	14,612	-	1,220	45,164
Special Assessments Receivable	-	-	-	-	-	65,411	65,411
Long-Term Receivable:							
Long-Term Special Assessments Receivable	-	-	-	-	-	546,914	546,914
Restricted Assets:							
Cash and Investments	-	-	-	-	27,530	1,215,160	1,242,690
Cash with Fiscal Agent	-	-	-	-	-	280,003	280,003
Due from Other Funds	18,988	-	-	-	-	-	18,988
Total Assets	\$ 762,177	\$ 13,747	\$ 500,307	\$ 14,612	\$ 27,530	\$ 2,419,091	\$ 3,737,464
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 31,754	\$ 14,676	\$ -	\$ -	\$ 83,494	\$ -	\$ 129,924
Deferred Revenues	22,461	6,871	-	14,612	-	613,545	657,489
Due to Other Funds	-	-	-	18,988	-	-	18,988
Total Liabilities	\$ 54,215	\$ 21,547	\$ -	\$ 33,600	\$ 83,494	\$ 613,545	\$ 806,401
<u>Fund Balances:</u>							
<u>Restricted:</u>							
Debt Service	-	-	-	-	-	1,495,163	1,495,163
Culture and Recreation	-	-	-	-	-	271,660	271,660
General Government	-	-	-	-	-	3	3
<u>Committed:</u>							
Culture and Recreation	-	-	500,307	-	-	-	500,307
<u>Assigned:</u>							
Culture and Recreation	-	-	-	-	-	38,720	38,720
<u>Unassigned:</u>							
Negative Fund Balances	-	(7,800)	-	(18,988)	(55,964)	-	(82,752)
General Fund	707,962	-	-	-	-	-	707,962
Total Fund Balances	\$ 707,962	\$ (7,800)	\$ 500,307	\$ (18,988)	\$ (55,964)	\$ 1,805,546	\$ 2,931,063
Total Liabilities and Fund Balances	\$ 762,177	\$ 13,747	\$ 500,307	\$ 14,612	\$ 27,530	\$ 2,419,091	\$ 3,737,464

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total *Fund Balances* for Governmental Funds \$ 2,931,063

Total *net assets* reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 5,561,806	
Construction in Progress	514,910	
Buildings, net of accumulated depreciation	2,712,246	
Equipment/Vehicles, net of accumulated depreciation	567,036	
Improvements, net of accumulated depreciation	<u>2,537,670</u>	
Total Capital Assets		11,893,668

Some of the Park District's 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 revenue in the funds.

Taxes Receivable	45,164	
Special Assessments Receivable	<u>612,325</u>	657,489

Long-term liabilities applicable to the Park's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net assets.

Balances at December 31, 2011 are:

Accrued Interest on Bonds	\$ (168,146)	
Special Assessment Bonds Payable	(1,954,363)	
G.O. Bonds Payable	(1,345,000)	
Revenue Bonds Payable	(1,980,000)	
Special Assessments Payable	(3,330,954)	
Loans Payable	(480,000)	
Compensated Absences	<u>(84,019)</u>	
Total Long-Term Liabilities		<u>(9,342,482)</u>

Total Net Assets of Governmental Activities \$ 6,139,738

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	General	Recreation Fund	Capital Improvements	Share of Specials	Maple Ridge II	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes and Special Assessments	\$ 1,166,865	\$ 361,984	\$ -	\$ 542,802	\$ -	\$ 366,142	\$ 2,437,793
Charges for Services	511,229	-	-	-	-	30,071	541,300
Intergovernmental	539,027	-	-	-	-	-	539,027
Interest Income	-	-	24,080	-	-	1,332	25,412
Donations/Sponsorships	-	-	-	-	-	312,241	312,241
Miscellaneous	119,321	-	-	-	-	1,281	120,602
Total Revenues	\$ 2,336,442	\$ 361,984	\$ 24,080	\$ 542,802	\$ -	\$ 711,067	\$ 3,976,375
Expenditures:							
Current:							
General Government	\$ 1,450,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,450,827
Recreation	683,584	76,292	-	-	335,204	908,123	2,003,203
Debt Service:							
Principal	-	-	-	445,260	-	502,032	947,292
Interest and Fiscal Charges	-	-	-	202,031	-	155,743	357,774
Total Expenditures	\$ 2,134,411	\$ 76,292	\$ -	\$ 647,291	\$ 335,204	\$ 1,565,898	\$ 4,759,096
Excess (Deficiency) of Revenues Over Expenditures	\$ 202,031	\$ 285,692	\$ 24,080	\$ (104,489)	\$ (335,204)	\$ (854,831)	\$ (782,721)
Other Financing Sources (Uses):							
Debt Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 282,060	\$ 1,802,940	\$ 2,085,000
Bond Discounts	-	-	-	-	(2,820)	(13,230)	(16,050)
Transfers In	-	-	-	100,000	-	388,968	488,968
Transfers Out	(100,000)	(300,366)	-	-	-	(88,602)	(488,968)
Total Other Financing Sources and Uses	\$ (100,000)	\$ (300,366)	\$ -	\$ 100,000	\$ 279,240	\$ 2,090,076	\$ 2,068,950
Net Change in Fund Balances	\$ 102,031	\$ (14,674)	\$ 24,080	\$ (4,489)	\$ (55,964)	\$ 1,235,245	\$ 1,286,229
Fund Balance - January 1	\$ 605,931	\$ 6,874	\$ 476,227	\$ (14,499)	\$ -	\$ 570,301	\$ 1,644,834
Fund Balance - December 31	\$ 707,962	\$ (7,800)	\$ 500,307	\$ (18,988)	\$ (55,964)	\$ 1,805,546	\$ 2,931,063

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Net Change in *Fund Balances* - Total Governmental Funds \$ 1,286,229

The change in net assets 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 depreciation exceeded capital outlay in the audit period.

Capital Outlay	\$ 1,334,157	
Depreciation Expense	<u>(366,479)</u>	967,678

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Repayments:		
Bond Principal	\$ 502,032	
Special Assessments Principal	445,260	
Debt Issued:		
Loans Payable	(480,000)	
Bonds Payable	(1,605,000)	
Special Assessments	<u>(274,440)</u>	(1,412,148)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Net Change in Compensated Absences	\$ (6,466)	
Net Change in Interest Payable	<u>(7,392)</u>	(13,858)

Because some property taxes will not be collected for several months after year-end they are not considered as available resources in the governmental funds. However, they are revenues in the statement of activities.

Net Change in Taxes Receivable	\$ (23,386)	
Net Change in Special Assessments Receivable	<u>270,854</u>	<u>247,468</u>

Change in Net Assets of Governmental Activities \$ 1,075,369

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The accompanying financial statements present the activities of the West Fargo Park District. The West Fargo Park District has considered all potential component units for which the park is financially accountable and other organizations for which the nature and significance of their relationship with the park district are 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. The criteria include appointing a voting majority of an organization's governing body and (1) the ability of the West Fargo 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 West Fargo Park District.

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

BLENDED COMPONENT UNIT

The West Fargo Park District Building Authority serves only the West Fargo Park District. The park district board also serves as the board of the building authority. The sole purpose of the building authority is to issue bonds for improvements to the 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.

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information on the financial activities of the park and its blended component unit activities. Reporting on the internal activities has been eliminated to avoid duplication on the statements. The statements show the governmental activities – which are normally financed through taxes & special assessments, fees/charges for services, and intergovernmental revenues.

The statement of activities presents a comparison between the direct expenses and program revenues for the functions of the Park District's governmental activities. Direct expenses are clearly identifiable to a particular function. The Park District has no indirect expenses. Program revenues include fees and charges for services that benefit from the services provided. Revenues that are not classified as program revenues, including all taxes and donations, are presented as general revenues.

Fund Financial Statements: Separate financial statements are provided for the governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The park district reports the following major governmental funds:

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

Recreation Fund. The recreation fund is used to account for the accumulation of resources for various large improvement projects that are legally restricted from taxes levied.

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.

Share of Specials Fund. The share of specials fund is used for the payment of, long-term debt principal, interest, and related to various special assessment projects that are legally restricted from taxes levied.

Special Assessments: Maple Ridge II Fund. The maple ridge II fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs for Maple Ridge Park that are legally restricted from taxes levied.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. 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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The Park District considers revenues to be available if they are collected within sixty days after year-end. Special assessments, intergovernmental revenues, charges for services and investment income are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except principal and interest on long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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.

D. Deposits and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less. The investments consist of certificates of deposit stated at cost with maturities in excess of 3 months.

E. Receivables and Payables

Activities between funds that are representative of lending/borrowing transactions outstanding at the end of a fiscal year are designated as either "due to other funds" or "due from other funds" in the governmental fund statements.

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined as having an individual cost of \$5,000 or more and have a useful life in excess of two years. Capital assets are valued at historical cost or estimated historical cost if actual cost historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed as construction in progress.

Depreciation has been provided over the estimated useful life, using the straight line method as follows:

ASSETS	YEARS
Buildings	15 – 30
Equipment/Vehicles	5 – 20
Improvements	20 – 40

G. Compensated Absences

Employees accrue vacation leave at a rate of four hours per month for the first year of service. The accrual rate is increased to seven hours per month from two to four years of continuous service, and nine hours per month from five to nine years of service, twelve hours per month from ten to fourteen years of service, fourteen hours per month from fifteen to nineteen years of service and sixteen hours per month for over twenty years of service. A maximum of 240 vacation is payable upon termination. Accumulated unpaid vacation is accrued when earned in the government-wide financial statements.

Sick leave is accrued at a rate of eight hours per month of continuous service. A maximum of 480 hours sick leave is payable upon termination with ten or more years of service. Accumulated unpaid sick leave is accrued when earned in the government-wide financial statements.

H. 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 assets. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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.

H. Fund Balances / Net Assets Equity

Prior to GASB Statement No. 54, in the fund financial statements, the governmental funds reported reservations of fund balances for amounts that were not available for appropriation or were legally restricted by outside parties for use for a specific purpose. Designations of fund balances represented tentative management plans that were subject to change. GASB Statement No. 54 established new fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

On March 11, 2009 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal periods that begin after June 15, 2010. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

CLASSIFICATION	DEFINITION	EXAMPLES
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables (loans), endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the governing board. Formal action is required to be taken to establish, modify or rescind a fund balance commitment.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the business manager.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance	Available for any remaining general fund expenditure.

West Fargo Park District did not have any non-spendable balances reported in the balance sheet at December 31, 2011.

Restricted fund balances are reported for the debt service funds (\$1,495,163) and various functions within the special revenue funds for restricted tax levies, and amounts restricted by state and federal grants/contracts totaling (\$271,663).

Committed fund balance is reported in the capital improvement fund (\$500,307) for funds committed by the governing board to close out various capital projects and for debt service.

Assigned fund balance is reported in the arena capital improvement fund (\$38,720) for funds assigned by the governing board to be used on capital projects at the discretion of the Park District's management.

Unassigned fund balances are reported for the remaining portion of the general fund (\$707,962), and for negative fund balances reported in the recreation fund (\$7,800), share of specials fund (\$18,988), and maple ridge II fund (\$55,964).

Net Assets Equity:

Invested in capital assets, net of related debt, is reported for capital assets less accumulated depreciation and any related debt (bonds payable) issued to construct them. The resources needed to repay this related debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

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

Restrictions of net assets equity shown in the net assets statement is due to restrictions in state law as to how various special revenue funds and debt service funds are to be used. Additionally, invested in capital assets, net of related debt equity is shown. Unrestricted net assets equity consists of activity related to the general fund.

Restricted net assets equity in the statement of net assets is shown by primary function (as fund balance are shown), as fund balances are shown, and is restricted for general government, culture and recreation and debt service.

I. 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: LEGAL COMPLIANCE - BUDGETS

BUDGETS

Based upon available financial information and requests by the governing board, the Business Manager prepares the preliminary budget. The budget is prepared for the general fund, special revenue funds, and debt service funds by function and activity on the cash basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

BUDGET AMENDMENTS

The park board amended the budget for 2012 as follows:

	EXPENDITURES		
	Original Budget	Amendments	Amended Budget
<u>Major Funds:</u>			
General	\$2,000,500	\$202,597	\$2,203,097
Share of Specials	538,000	109,291	647,291
<u>Non-Major Fund:</u>			
Social Security	64,500	5,883	70,383

NOTE 3: DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the park district maintains 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 other financial institutions 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 an other state of the United States or such other securities approved by the banking board.

At year ended December 31, 2011, the park district's carrying amount of deposits was \$2,547,855 and the bank balance was \$2,587,336. Of the bank balances, \$324,075 was covered by Federal Depository Insurance, \$280,003 was deposited with the Bank of North Dakota, and the remaining bank balances totaling \$2,263,261 were collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk:

The park district 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, 2011, the park district held certificates of deposit in the amount of \$280,003, which are all considered deposits.

Concentration of Credit Risk:

The park district does not have a limit on the amount the district may invest in any one issuer.

NOTE 4: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of state revenue sharing payments received after year-end.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of money due the county at December 31, 2011. No allowance has been established for estimated uncollectible accounts receivable.

NOTE 6: TAXES RECEIVABLE

The taxes receivable represents the past four years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and 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 on property taxes 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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

NOTE 7: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable consists of uncollected special assessments due to the Park District at December 31 for debt service fund regular tax levies. No allowance has been established for uncollectible special assessments.

NOTE 8: LONG-TERM SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable consists of uncollected special assessments due to the Park District at December 31 and uncertified special assessments, which represents a long-term receivable in the financial statements. No allowance has been established for uncollectible long-term special assessments receivable.

NOTE 9: DEFERRED REVENUES

Deferred revenues on the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available at year-end.

Deferred revenue in the governmental fund modified accrual basis financial statements as of December 31, 2011 for the park consisted of the following:

Delinquent property taxes receivable (general fund)	\$ 22,461
Delinquent property taxes receivable (debt service fund- major)	14,612
Delinquent property taxes receivable (non-major funds)	8,091
Delinquent special assessments receivable (debt service funds)	65,411
Long-term uncertified special assessments receivable	546,914
Total Deferred Revenue	\$657,489

NOTE 10: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2011:

Governmental Activities (FY2011):	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,561,806	\$ -	\$ -	\$ 5,561,806
Construction In Progress	-	514,910	-	514,910
Total Capital Assets, Not Being Depreciated	\$ 5,561,806	\$514,910	\$ -	\$ 6,076,716
<i>Capital assets being depreciated:</i>				
Buildings	\$ 5,417,159	-	\$ -	\$ 5,417,159
Equipment/Vehicles	1,444,466	154,218	40,860	1,557,824
Improvements	2,287,649	665,029	-	2,952,678
Total Capital Assets, Being Depreciated	\$ 9,149,274	\$819,247	\$40,860	\$ 9,927,661
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$ 2,532,725	\$172,188	\$ -	\$ 2,704,914
Equipment/Vehicles	935,897	95,750	40,860	990,787
Improvements	316,468	98,540	-	415,008
Total Accumulated Depreciation	\$ 3,785,090	\$366,478	\$40,860	\$ 4,110,709
Total Capital Assets Being Depreciated, Net	\$ 5,364,184	\$452,769	\$ -	\$ 5,816,952
Governmental Activities - Capital Assets, Net	\$10,925,990	\$967,679	\$ -	\$11,893,668

Depreciation expense totaling \$366,478 was charged to the recreation function.

NOTE 11: ACCOUNTS PAYABLE

Accounts payable consists of amounts due and payable at year-end for various goods and services but not paid until after year-end.

NOTE 12: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended December 31, 2011 was as follows:

Governmental Activities	Balance 1-1-11	Adjusted	Increases	Decreases	Balance 12-31-11	Due Within One Year
Revenue Bonds	\$2,255,000	\$ -	\$ -	\$275,000	\$1,980,000	\$ 280,000
G.O. Bonds	1,545,000	-	-	200,000	1,345,000	195,000
Special Assessments Bond	376,394	-	1,605,000	27,032	1,954,363	27,479
Loans	-	-	480,000	-	480,000	100,000
Special Assessments	3,256,419	245,356	274,439	445,260	3,330,954	430,889
Compensated Absences Payable	77,553	-	6,466	-	84,019	16,804
TOTAL	\$7,510,366	\$245,356	\$2,365,905	\$947,292	\$9,174,336	\$1,050,172

- * - Compensated absences are reported as a net change for the year because changes in salary prohibit exact calculations of additions and reductions.

Revenue Bonds – Governmental Activities:

Lease revenue bonds are repaid with the proceeds of a lease of buildings from the West Fargo Park District Building Authority to the West Fargo Park District. Lease revenue bonds currently outstanding are as follows:

\$3,455,000 Building Authority Lease Revenue Bonds Payable of 2007, due in annual installments of \$215,000 to \$540,000 through 2018; with interest at 4.0% to 4.3%. \$1,980,000

Annual debt service requirements to maturity for Lease Revenue Bonds are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Lease Revenue Bonds	
	Principal	Interest
2012	\$ 280,000	\$ 76,670
2013	215,000	66,770
2014	225,000	57,970
2015	230,000	48,698
2016	240,000	38,885
2017 – 2021	790,000	40,143
Totals	\$1,980,000	\$329,136

General Obligation Bonds – Governmental Activities

The park district issued general obligation debt in the current year to refinance the city's special assessments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the park district must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. General obligation bonds currently outstanding are as follows:

\$1,760,000 G.O. Special Assessment Prepayment Bonds Payable of 2009, due in annual installments of \$40,000 to \$215,000 through 2022; with interest at 2.0% to 3.65%. \$1,345,000

Annual debt service requirements to maturity for General Obligation Bonds are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	G.O. Special Assessments Bonds	
	Principal	Interest
2012	\$ 195,000	\$ 37,785
2013	175,000	33,160
2014	155,000	28,648
2015	155,000	23,998
2016	145,000	19,498
2017 – 2021	480,000	41,976
2022 - 2026	40,000	730
Totals	\$1,345,000	\$185,795

Special Assessment Bonds – Governmental Activities

The park district also issued special assessment debt in prior years to provide funds for the construction of park equipment. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the park district must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds currently outstanding are as follows:

\$112,000 Park District Improvement Warrant of 2003 due in annual installments of \$7,000 to \$14,000 through 2018; with interest at 3.8%.	\$ 56,000
\$170,000 Park District Improvement Warrant of 2007 due in annual installments of \$11,000 to \$12,000 through 2022; with interest at 5.0%.	126,000
\$185,000 Park District Improvement Warrant of 2008 due in annual installments of \$8,606 to \$16,925 through 2024; with interest at 4.95%.	167,363
\$1,605,000 Park District Improvement Warrant of 2011 due in annual installments of \$95,000 to \$145,000 through 2024; with interest at 2.642%.	<u>1,605,000</u>
Total Special Assessment Bonds	<u>\$1,954,363</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Special Assessment Bonds	
	Principal	Interest
2012	\$ 27,478	\$ 52,199
2013	172,948	47,603
2014	173,440	45,210
2015	163,957	42,321
2016	154,499	39,015
2017-2021	711,621	140,935
2022-2026	550,419	41,768
Totals	\$1,954,363	\$409,051

Special Assessments Payable:

Special Assessments Payable to the park district represents special assessment taxes levied by the Park District of West Fargo, ND against the park district for the district's share of the benefit derived from city-funded improvements. Payable in annual installments of \$4,319 to \$510,470 through 2022; with interest at 4.9% to 9.2%.

\$3,330,954

Annual debt service requirements to maturity for the special assessments are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Special Assessments Payable	
	Principal	Interest
2011	\$ 430,889	\$158,508
2012	430,889	139,711
2013	430,889	120,914
2014	430,889	102,117
2015	430,889	83,320
2016-2021	1,083,260	153,355
2022-2026	64,908	14,042
2027-2031	15,745	5,481
2032-2036	12,596	1,566
Totals	\$3,330,954	\$779,014

Loans Payable:

\$480,000 Loan from State Bank & Trust for various park improvements. Interest rate will be at 3.850% with payments of \$80,000 to \$100,000 through 2016.

\$ 480,000

Annual debt service requirements to maturity for the loans payable are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Loans Payable	
	Principal	Interest
2012	\$100,000	\$16,553
2013	100,000	12,683
2014	100,000	8,839
2015	100,000	4,989
2016	80,000	1,533
Totals	\$480,000	\$44,597

NOTE 13: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The West Fargo Park District pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and two million automobile liability and \$454,705 for public asset coverage.

The West Fargo Park District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The West Fargo Park 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 political subdivision with blanket fidelity bond coverage in the amount of \$880,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The West Fargo Park District has workers compensation with the North Dakota Workforce Safety and Insurance. The park district pays for a single health insurance policy, 90% of a single plus dependents policy and 80% of a family policy for full time employees.

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

NOTE 14: PENSION PLAN

The West Fargo Park District participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of the West Fargo Park District. The plan provides retirement, disability and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' 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 employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 4% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. The West Fargo Park District has implemented a salary reduction agreement and is currently contributing the employees share. The West Fargo Park District is required to contribute 4.26% of each participant's salary as the employer's share. In addition to the 4.26% employer contribution the employer is required to contribute 1% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. The West Fargo Park District's required and actual contributions to NDPERS for the fiscal years ended December 31, 2011, 2010, and 2009 were \$66,066, \$61,991, and \$58,082, respectively.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

NOTE 15: DEFICIT BALANCES

The following funds were in a deficit position at December 31, 2011:

Fund	Balance
Share of Specials – 8050	\$(18,988)
Recreation Fund - 8060	(7,800)
Special Assessments: Maple Ridge II - 8620	(55,964)

The above deficits will be eliminated through transfers and future revenues.

NOTE 16: TRANSFERS

The park district made the following transfers in 2011:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$100,000
Recreation Fund	-	300,366
<u>Major Debt Service Funds:</u>		
Share of Specials - 8050	100,000	-
<u>Nonmajor Funds:</u>		
Christianson 1 st - 8200	-	88,601
Arena Capital Improvements - 8705	15,333	-
2007 Revenue Bonds - 8530	373,634	-
Total Transfers	\$488,967	\$488,967

NOTE 17: CONSTRUCTION COMMITMENTS

As of December 31, 2011, the West Fargo Park District had the following open construction commitments:

Project	Original Contract	Change Orders	Total Contract	Total Completed	Remaining Balance
<i>Governmental</i>					
Shadow Wood Lakes Area Park	\$1,925,000	\$ -	\$1,925,000	\$514,910	\$1,442,825
Total	\$1,925,000	\$ -	\$1,925,000	\$514,910	\$1,442,825

NOTE 18: PRIOR PERIOD ADJUSTMENT

There were prior period adjustments for the period ending December 31, 2011 for Government Wide Activities involving adjustments to Special Assessments Payable and Special Assessments Receivable balances.

	Amounts
Net Assets Equity as previously reported	\$4,968,254
Adjustments to restate the January 1, 2011 net assets equity for the following:	
Net Adjustments to Special Assessments Payable	(245,356)
Net Adjustments to Special Assessments Receivable	341,471
Net Assets Equity January 1, 2011 as restated	\$5,064,369

NOTE 19: SUBSEQUENT EVENT

At the March 5, 2012 City Council meeting and at a special meeting held February 8, 2012, by unanimous vote of the Council, it was agreed to advance refund the remaining Lease Revenue Refunding Bonds of 2007 of \$1,700,000. \$1,620,000 of refunding bonds of 2012 with interest rates ranging from .65% to 1.4% were issued to reduce its total debt service payments over the next 6 years by \$250,223, and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$166,296.

NOTE 20: DUE TO / FROM OTHER FUNDS

The due to other funds reported in the other governmental funds represent the amount of negative cash at year-end that was covered by the general fund (\$18,988) in the share of specials fund (\$18,988)

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,184,500	\$ 1,184,500	\$ 1,166,865	\$ (17,635)
Charges for services	472,500	472,500.00	511,229	38,729
Intergovernmental	245,000	245,000.00	539,027	294,027
Miscellaneous	98,500	98,500.00	119,321	20,821
Total Revenues	<u>\$ 2,000,500</u>	<u>\$ 2,000,500</u>	<u>\$ 2,336,442</u>	<u>\$ 335,942</u>
<u>Expenditures:</u>				
Current:				
General government	\$ 1,444,500	\$ 1,647,097	\$ 1,450,827	\$ 196,270
Recreation	556,000	556,000	683,584	(127,584)
Total Expenditures	<u>\$ 2,000,500</u>	<u>\$ 2,203,097</u>	<u>\$ 2,134,411</u>	<u>\$ 68,686</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (202,597)</u>	<u>\$ 202,031</u>	<u>\$ 404,628</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (202,597)</u>	<u>\$ 102,031</u>	<u>\$ 304,628</u>
Fund Balances - January 1	<u>\$ 605,931</u>	<u>\$ 605,931</u>	<u>\$ 605,931</u>	<u>\$ -</u>
Fund Balances - December 31	<u>\$ 605,931</u>	<u>\$ 403,334</u>	<u>\$ 707,962</u>	<u>\$ 304,628</u>

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

WEST FARGO PARK DISTRICT
 West Fargo, North Dakota
 BUDGETARY COMPARISON SCHEDULE
 RECREATION FUND
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 370,065	\$ 370,065	\$ 361,984	\$ (8,081)
<u>Expenditures:</u>				
Current:				
Recreation	\$ 370,065	\$ 370,065	\$ 76,292	\$ 293,773
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 285,692	\$ 285,692
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (300,366)	\$ (300,366)
Net Change in Fund Balances	\$ -	\$ -	\$ (14,674)	\$ (14,674)
Fund Balances - January 1	\$ 6,874	\$ 6,874	\$ 6,874	\$ -
Fund Balances - December 31	\$ 6,874	\$ 6,874	\$ (7,800)	\$ (14,674)

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

WEST FARGO PARK DISTRICT
 West Fargo, North Dakota
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS FUND
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Interest Income	\$ -	\$ -	\$ 24,080	\$ 24,080
<u>Expenditures:</u>				
Current:				
Recreation	\$ 470,980	\$ 470,980	\$ -	470,980
Excess (Deficiency) of Revenues Over Expenditures	\$ (470,980)	\$ (470,980)	\$ 24,080	\$ 495,060
Fund Balances - January 1	\$ 476,227	\$ 476,227	\$ 476,227	\$ -
Fund Balances - December 31	\$ 5,247	\$ 5,247	\$ 500,307	\$ 495,060

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

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund, Special Revenue Funds, and Debt Service Funds. Budgetary comparison schedules are presented for the general fund and any major special revenue funds.

- The park board adopts an “appropriated budget” on the modified accrual basis of accounting.
- Annually on or before September tenth, 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
- After the budget hearing and on or before October 7th, the park board adopts the final budget. NDCC 40-40-09
- The final budget must be filed with the county auditor by October 10th. NDCC 40-40-10
- Each budget is controlled by the park district business manager 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.

CITY OF WEST FARGO PARK DISTRICT
West Fargo, North Dakota

SCHEDULE OF FUND ACTIVITY
ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2011

	Balance 1-1-11	Revenues	Transfers In	Debt Proceeds	Transfers Out	Expenditures	Balance 12-31-11
Major Fund:							
General Fund	\$ 496,007.06	\$ 2,213,237.66	\$ -	\$ -	\$ 100,000.00	\$ 2,102,656.69	\$ 506,588.03
Special Revenue Funds (Major):							
Recreation Fund	\$ 6,874.29	\$ 361,983.70	\$ -	\$ -	\$ 300,366.46	\$ 61,617.24	\$ 6,874.29
Capital Improvements	476,227.44	24,079.94	-	-	-	-	500,307.38
Debt Service Funds (Major):							
Share of Special Assessments	\$ (14,498.98)	\$ 542,801.98	\$ 100,000.00	\$ -	\$ -	\$ 647,290.67	\$ (18,987.67)
Special Assessments; Maple Ridge II	-	-	-	279,239.57	-	251,709.70	27,529.87
Total Major Funds	\$ 964,609.81	\$ 3,142,103.28	\$ 100,000.00	\$ 279,239.57	\$ 400,366.46	\$ 3,063,274.30	\$ 1,022,311.90
Special Revenue Funds (Nonmajor):							
Social Security	\$ 2,073.42	\$ 68,311.74	\$ -	\$ -	\$ -	\$ 70,382.55	\$ 2.61
Heritage Square	151,472.15	-	-	-	-	-	151,472.15
Christianson 1st	-	126,573.29	-	-	88,601.31	-	37,971.98
Shadow Wood 5th	-	48,341.15	-	-	-	-	48,341.15
Park Dedication Westgo 5th	-	28,429.58	-	-	-	-	28,429.58
Stockyard Corner	-	5,445.00	-	-	-	-	5,445.00
Arena Capital Improvements	20,030.97	30,070.85	15,333.46	-	-	26,715.00	38,720.28
Total Nonmajor	\$ 173,576.54	\$ 307,171.61	\$ 15,333.46	\$ -	\$ 88,601.31	\$ 97,097.55	\$ 310,382.75
Debt Service Funds (NonMajor):							
Building Authority 2007 Reserve	\$ 280,005.35	\$ 1,054.77	\$ -	\$ -	\$ -	\$ 1,057.07	\$ 280,003.05
Share of Special Assessments: Refi	-	243,300.00	-	-	-	243,166.50	133.50
Ball Field Improvements	-	32,500.00	-	-	-	22,798.00	9,702.00
2007 Revenue Bonds	78,743.40	70,951.70	373,634.31	-	-	363,434.99	159,894.42
2011 Improvement Bond	-	1,280.75	-	480,000.00	-	364,383.68	116,897.07
40th Avenue Special Assess.	18,238.49	9,281.40	-	-	-	9,261.00	18,258.89
Burlington Park Special Assess.	30,364.08	16,028.12	-	-	-	17,572.74	28,819.46
Special Assessments; Shadow Wood II	-	-	-	1,309,986.53	-	429,362.83	880,623.70
Shadow Wood Special Assess.	(10,626.41)	29,220.58	-	-	-	17,763.14	831.03
Total Debt Service Funds	\$ 396,724.91	\$ 403,617.32	\$ 373,634.31	\$ 1,789,986.53	\$ -	\$ 1,468,799.95	\$ 1,495,163.12
Total - All Funds	\$ 1,534,911.26	\$ 3,852,892.21	\$ 488,967.77	\$ 2,069,226.10	\$ 488,967.77	\$ 4,629,171.80	\$ 2,827,857.77

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
Fax (701) 328-1406



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR

STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

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 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 West Fargo Park District, West Fargo, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise West Fargo Park District's basic financial statements and have issued our report thereon dated December 7, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of West Fargo Park District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered West Fargo Park District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Fargo Park District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Fargo Park District's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we have reported to management of West Fargo Park District in a separate letter dated December 7, 2012.

This report is intended solely for the information and use of management, the park district board, and others within the park district, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Rob Peterson". The signature is written in black ink and is positioned above the printed name.

Robert R. Peterson
State Auditor

December 7, 2012

WEST FARGO PARK DISTRICT
West Fargo, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued:	Unqualified		
<u>Internal control over financial reporting:</u>			
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Section II - Financial Statement Findings

No matters were reported.