NORTH DAKOTA
OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

West Fargo Park District

West Fargo, North Dakota

Audit Report for the Year Ended December 31, 2023

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Office of the State Auditor

WEST FARGO PARK DISTRICT

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PARK DISTRICT OFFICIALS

At December, 2023

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

STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District, West Fargo, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise West Fargo Park District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District, as of December 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Prior Period Restatement

As discussed in Note 13 to the financial statements, the 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and 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 our 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 West Fargo Park District internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Fargo Park District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 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 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 West Fargo Park District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Fargo District's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 18, 2024

WEST FARGO PARK DISTRICT

Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 5,805,792
Cash with Fiscal Agent	107
Intergovernmental Receivable	19,271
Accounts Receivable	94,600
Due from County	36,180
Taxes Receivable	57,349
Due from City	178,258
Certified Special Assessments Receivable	246,688
Uncertified Special Assessments Receivable	3,366,915
Capital Assets	
Nondepreciable	6,662,669
Depreciable, Net	41,374,913
Total Assets	$ 57,842,742
DEFERRED OUTLFOWS OF RESOURCES	
Derived from Pension and OPEB	$ 1,894,378
Total Assets and Deferred Outflows of Resources	$ 59,737,120
LIABILITIES	
Accounts Payable	$ 87,494
Salaries Payable	72,611
Encumbrance	9,520
Interest Payable	488,905
Long-Term Liabilities	
Due Within One Year	
Long-Term Debt	2,253,728
Compensated Absences Payable	67,380
Due After One Year	
Long-Term Debt	40,284,428
Compensated Absences Payable	269,520
Net Pension & OPEB Liability	2,714,638
Total Liabilities	$ 46,248,224
DEFERRED INFOWS OF RESOURCES	
Derived from Pension and OPEB	$ 1,992,333
Total Liabilities and Deferred Inflows of Resources	$ 48,240,557
NET POSITION	
Net Investment in Capital Assets	$ 9,296,190
Restricted	
Debt Service	1,641,778
Capital Projects	1,519,425
Culture and Recreation	242,340
Unrestricted	(1,203,170)
Total Net Position	$ 11,496,563

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

WEST FARGO PARK DISTRICT
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
General Government	$ 3,924,557	$ -	$ -	$ -	$ (3,924,557)
Recreation	2,814,196	1,573,413	66,667	204,189	(969,927)
Interest on Long-Term Debt	1,413,286	-	-	-	(1,413,286)
Special Assessments	8,725	-	-	-	(8,725)
Total Governmental Activities	$ 8,160,764	$1,573,413	$ 66,667	$ 204,189	$ (6,316,495)
General Revenues					
Property Taxes					$ 6,375,659
Unrestricted Grants and Contributions					1,128,681
Unrestricted Investment Earnings					211,699
Net Gain on Sale of Capital Assets					5,583
Unrealized Gain on Investment					34,648
Miscellaneous Revenue					157,626
Total General Revenues					$ 7,913,896
Change in Net Position					$ 1,597,401
Net Position - January 1					$ 10,110,430
Prior Period Adjustments					$ (211,268)
Net Position - January 1, as Restated					$ 9,899,162
Net Position - December 31					$ 11,496,563

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

WEST FARGO PARK DISTRICT

Balance Sheet – Governmental Funds
December 31, 2023

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	$ 1,795,805	$ 1,128,256	$ 2,638,996	$ 242,735	$ 5,805,792
Cash with Fiscal Agent	-	58	49	-	107
Intergovernmental Receivables	-	1,492	17,779	-	19,271
Accounts Receivable	94,600	-	-	-	94,600
Due from County	16,835	-	19,345	-	36,180
Taxes Receivable	26,897	-	30,452	-	57,349
Due from City	95,641		82,617		178,258
Certified Special Assessments Receivable	-	-	246,688	-	246,688
Uncertified Special Assessments Receivable	-	-	3,366,915	-	3,366,915
Total Assets	$ 2,029,778	$ 1,129,806	$ 6,402,841	$ 242,735	$ 9,805,160
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 6,957	$ 80,142	$ -	$ 395	$ 87,494
Salaries Payable	72,611	-	-	-	72,611
Encumbrance	3,887	-	5,633	-	9,520
Total Liabilities	$ 83,455	$ 80,142	$ 5,633	$ 395	$ 169,625
Deferred Inflows of Resources					
Taxes Receivable	$ 26,897	$ -	$ 30,452	$ -	$ 57,349
Unavailable Revenue	95,641	-	82,617	-	178,258
Certified Special Assessments Receivable	-	-	246,688	-	246,688
Uncertified Special Assessments Receivable	-	-	3,366,915	-	3,366,915
Total Deferred Inflows of Resources	$ 122,538	$ -	$ 3,726,672	$ -	$ 3,849,210
Total Liabilities and Deferred Inflows of Resources	$ 205,993	$ 80,142	$ 3,732,305	$ 395	$ 4,018,835
Fund Balances					
Restricted					
Debt Service	$ -	$ -	$ 2,200,775	$ -	$ 2,200,775
Capital Projects	-	1,049,664	469,761	-	1,519,425
Culture and Recreation	-	-	-	34,496	34,496
Assigned					
Culture and Recreation	-	-	-	207,844	207,844
Unassigned	1,823,785	-	-	-	1,823,785
Total Fund Balances	$ 1,823,785	$ 1,049,664	$ 2,670,536	$ 242,340	$ 5,786,325
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,029,778	$ 1,129,806	$ 6,402,841	$ 242,735	$ 9,805,160

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

WEST FARGO PARK DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2023

Total Fund Balances of Governmental Funds		$ 5,786,325
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.		48,037,582
Property taxes, certain intergovernmental receivables, and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Property Taxes Receivable	$ 57,349	
Unavailable Revenue - Due from City	178,258	
Certified Special Assessments Receivable	246,688	
Uncertified Special Assessments Receivable	3,366,915	3,849,210
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions & OPEB	$ 1,894,378	
Deferred Inflows Related to Pensions & OPEB	(1,992,333)	(97,955)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Long-Term Debt	$ (42,538,156)	
Interest Payable	(488,905)	
Compensated Absences	(336,900)	
Net Pension & OPEB Liability	(2,714,638)	(46,078,599)
Total Net Position of Governmental Activities		$ 11,496,563

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

WEST FARGO PARK DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	$ 2,963,830	$ -	$ 3,406,458	$ -	$ 6,370,288
Special Assessments	-	66,602	367,601	-	434,203
Charges for Services	1,554,388	-	-	19,025	1,573,413
Intergovernmental	1,033,040	40,000	-	26,667	1,099,707
Interest Income	-	211,588	111	-	211,699
Miscellaneous	9,294	65,716	50,001	-	125,010
Total Revenues	$ 5,560,552	$ 383,906	$ 3,824,171	$ 45,692	$ 9,814,320
EXPENDITURES					
Current					
General Government	$ 3,638,327	$ -	$ -	$ -	$ 3,638,327
Culture and Recreation	1,352,750	-	-	45,073	1,397,823
Capital Outlay	-	855,702	61,625	-	917,327
Debt Service					
Principal	-	50,000	2,089,622	-	2,139,622
Interest and Fees	-	26,300	1,318,116	-	1,344,416
Special Assesments	-	-	8,726	-	8,726
Total Expenditures	$ 4,991,077	$ 932,002	$ 3,478,089	$ 45,073	$ 9,446,241
Excess (Deficiency) of Revenues Over Expenditures	$ 569,475	$ (548,096)	$ 346,082	$ 619	$ 368,079
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	$ -	$ 5,583	$ -	$ -	$ 5,583
Unrealized Gain on Investment	34,648	-	-	-	34,648
Transfers In	75,000	466,463	1,151,108	83,000	1,775,572
Transfers Out	(700,720)	(16,174)	(1,058,678)	-	(1,775,572)
Total Other Financing Sources and Uses	$ (591,072)	$ 455,872	$ 92,430	$ 83,000	$ 40,231
Net Change in Fund Balances	$ (21,597)	$ (92,224)	$ 438,512	$ 83,619	$ 408,310
Fund Balance - January 1	$ 1,845,382	$ 1,243,746	$ 2,130,166	$ 158,721	$ 5,378,015
Fund Balance Classification Change	$ -	$ (101,858)	$ 101,858	$ -	$ -
Fund Balances - January 1 Restated	$ 1,845,382	$ 1,141,888	$ 2,232,024	$ 158,721	$ 5,378,015
Fund Balance - December 31	$ 1,823,785	$ 1,049,664	$ 2,670,536	$ 242,340	$ 5,786,325

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

WEST FARGO PARK DISTRICT

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

For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 408,310
The change in net position reported for governmental actvities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	$ 1,503,831	
Depreciation Expense	(2,002,877)	(499,046)
In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.		
Sale of Capital Assets	$ (5,583)	
Gain on Sale of Capital Assets	5,583	-
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. Proceeds from long-term debt provides financial resources to the governmental funds, but increases long-term liabilities in the statement of net position.		
Repayment of Debt	$ 2,139,622	2,139,622
Bond premium is a reduction in interest expense, as they are amortized over the life of the outstanding bonds using the straight-line method.		50,956
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Change in Compensated Absences	$ (116,093)	
Net Change in Interest Payable	(119,826)	(235,919)
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.		
Net Change in Taxes Receivable	$ 5,371	
Net Change in Unavailable Revenue - Due from City	178,258	
Net Change in Certified Special Assessments Receivable	(1,533)	
Net Change in Uncertified Special Assessments Receivable	(278,481)	(96,385)
The net pension and OPEB liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.		
Net Change in Net Pension and OPEB Liability	$ 1,219,396	
Net Change in Deferred Outflows of Resources Related to Pensions & OPEB	(874,545)	
Net Change in Deferred Inflows of Resources Related to Pensions & OPEB	(514,988)	(170,137)
Change in Net Position of Governmental Activities		$ 1,597,401

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Blended Component Unit

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

Basis of Presentation

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

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

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

The Park District reports the following major governmental funds:

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Cash and Investments

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

The investments consist of certificates of deposit stated at cost with maturities in excess of three months as well as municipal bonds that are recorded at fair market value.

Capital Assets

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

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

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

Long-Term Liabilities

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

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

Compensated Absences

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

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balances

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

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

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

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

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

NOTE 2 DEPOSITS

Custodial Credit Risk

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

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

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

At year ended December 31, 2023, the Park District's carrying amount of deposits was $5,771,250 and the bank balances were $5,704,242. Of the bank balances, $5,479,352 was covered by Federal Depository Insurance, the remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 3 INVESTMENTS

As of December 31, 2023, the Park District had the following investments:

		Investment Maturities					
2023 Investment Type	Moody's or S&P Rating	Less than One Year	1-5 Years	6-10 Years	Fair Value	Percent of Investments	Fair Value Hierarchy
US Treasury Notes	AAA	$ 1,150,394	$ 558,793	$ -	$ 1,709,187	100%	Level 2

As authorized in North Dakota Statutes, idle funds may be invested as follows:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
4. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions.
5. State and local securities:
    a. Any security that is a general obligation of any state or local government with taxing powers and is rated in the highest three categories by a nationally recognized rating agency.
    b. An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency.
    c. Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency.
    d. Obligations of this state and general obligations of its political subdivisions.
6. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rate. The Park District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Park District does not have a formal investment policy that specifically addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Park District does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

Fair Value Measurement

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The fair value leveling of the Park District's investment portfolio were as of December 31, 2023.

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

NOTE 4 PROPERTY TAXES

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

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023.

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	$ 6,326,806	$ -	$ -	$ -	$ 6,326,806
Construction in Progress	4,426,707	1,086,995	-	(5,177,839)	335,863
Total Capital Assets, Not Being Depreciated	$ 10,753,513	$ 1,086,995	$ -	$ (5,177,839)	$ 6,662,669
Capital Assets Being Depreciated					
Buildings	$ 29,295,786	$ 19,804	$ -	$ -	$ 29,315,590
Equipment/Vehicles	2,591,911	352,250	7,449	-	2,936,712
Improvements	20,742,423	44,782	-	5,177,839	25,965,044
Total Capital Assets, Being Depreciated	$ 52,630,120	$ 416,836	$ 7,449	$ 5,177,839	$ 58,217,346
Less Accumulated Depreciation					
Buildings	$ 8,082,951	$ 900,570	$ -	$ -	$ 8,983,521
Equipment/Vehicles	1,866,029	203,534	7,449	-	2,062,114
Improvements	4,898,024	898,774	-	-	5,796,798
Total Accumulated Depreciation	$ 14,847,004	$ 2,002,878	$ 7,449	$ -	$ 16,842,433
Total Capital Assets Being Depreciated, Net	$ 37,783,116	$ (1,586,042)	$ -	$ 5,177,839	$ 41,374,913
Governmental Activities Capital Assets, Net	$ 48,536,629	$ (499,047)	$ -	$ -	$ 48,037,582

Depreciation expense was charged to the culture and recreation function.

NOTE 6 LONG-TERM LIABILITIES

During the year ended December 31, 2023; the following changes occurred in governmental activities long-term liabilities:

	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Lease Revenue Bonds Payable	$ 13,230,000	$ -	$ 495,000	$ 12,735,000	$ 505,000
G.O. Bonds	9,150,000	-	715,000	8,435,000	685,000
Special Assmt. Bonds	16,968,052	-	761,129	16,206,923	841,925
Special Assessments Payable	4,454,164	-	168,495	4,285,669	170,847
Bond Premium	926,520	-	50,956	875,564	50,956
Total Long-Term Debt	$ 44,728,736	$ -	$ 2,190,580	$ 42,538,156	$ 2,253,728
Compensated Absences *	$ 220,807	$ 116,093	$ -	$ 336,900	$ 67,380
Net Pension and OPEB Liability *	3,934,034	-	1,219,396	2,714,638	-
Total Primary Government	$ 48,883,577	$ 116,093	$ 3,409,976	$ 45,589,694	$ 2,321,108

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

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

Year Ending Dec 31	Lease Revenue Bonds		G.O. Bonds		Special Assmt. Bonds		Special Assmt. Payable		Bond Premium
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	$ 505,000	$ 468,830	$ 685,000	$ 195,156	$ 841,923	$ 470,816	$ 170,847	$ 166,166	$ 50,956
2025	525,000	448,730	655,000	182,030	840,000	442,159	173,502	159,295	50,956
2026	545,000	428,774	650,000	168,981	870,000	413,514	176,252	149,336	50,956
2027	555,000	637,847	645,000	276,881	885,000	388,296	179,100	145,279	50,956
2028	575,000	375,880	640,000	118,165	910,000	349,789	181,589	138,120	50,956
2029 - 2033	3,170,000	1,540,786	3,135,000	407,951	4,770,000	1,340,094	944,709	580,160	254,777
2034 - 2038	3,745,000	875,699	1,800,000	84,989	4,555,000	681,484	1,020,083	387,645	245,861
2039 - 2043	3,115,000	172,850	225,000	1,239	2,535,000	134,416	947,214	183,064	120,145
2044 - 2048	-	-	-	-	-	-	492,373	37,754	-
Total	$ 12,735,000	$ 4,949,396	$ 8,435,000	$ 1,435,392	$ 16,206,923	$ 4,220,568	$ 4,285,669	$ 1,946,819	$ 875,564

Special assessment bonds are paid directly from debt service sinking funds. Special assessments are certified annually in amounts sufficient to pay the debt service requirement. Whenever all special assessments appropriated and collected for a special improvement district are insufficient to pay principal and interest then due on the special improvement bonds issued against such improvement district, West Fargo Park District is to levy a tax upon all the taxable property in the district for the payment of such deficiency.

NOTE 7 PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death

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

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

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

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

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

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

At December 31, 2023, the Park District reported a liability of $2,590,588 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the Park District's proportion was .134349 percent, which was an increase of .002891 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Park District recognized pension expense of $287,854. At December 31, 2023, the Park District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 84,332	$ 14,287
Changes of Assumptions	1,428,480	1,966,322
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	67,972	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	143,833	-
Employer Contributions Subsequent to the Measurement Date	109,779	-
Total	$ 1,834,396	$ 1,980,609

$109,779 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

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

2024	$ 70,170
2025	(253,266)
2026	70,948
2027	(143,844)
2028	-

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses

Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	31%	6.25%
International Equities	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

Discount rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Proportionate Share of the Net Pension Liability	$ 3,571,798	$ 2,590,588	$ 1,776,598

Pension plan fiduciary net position

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

NOTE 8 OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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

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

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

At December 31, 2023, the Park District reported a liability of $124,050, for their proportionate shares of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net OPEB liability was based on their share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the Park District's proportion was .124081 percent, which was an increase of .000816 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023 the Park District recognized OPEB expense of $26,159. At December 31, 2023, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 2,335	$ 1,420
Changes of Assumptions	26,457	10,273
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	8,960	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,654	31
Employer Contributions Subsequent to the Measurement Date	17,577	-
Total	$ 59,983	$ 11,724

$17,577 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023.

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

2024	$ 11,951
2025	9,521
2026	12,538
2027	(3,328)
2028	-
2029	-
2030 & Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost–of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Proportionate Share of the Net OPEB Liability	$ 163,032	$ 124,050	$ 91,232

NOTE 9 COMMITMENTS

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

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
Park Improvement District 2019-1 Phase 3	$ 343,076	$ 332,281	$ -	$ 10,795

NOTE 10 SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Park District issued refunding improvement bonds in the amount of $2,255,000 for the purpose of financing park improvements for Rendezvous Park. Future bond principal payments are due annually and range from $75,000 to $160,000, with interest between 4.00% to 5.00%. The bonds mature in FY2044. The Park District was awarded $1,000,000.00 in grant funds from the Park System Grant Program (PSGP) that will be used towards this project.

Subsequent to December 31, 2023, the Park District was approved for a loan in the amount of $1,358,800.00 for parking lot improvements at the Rustad Rec Center. Principal and interest payments are due annually, with a fixed 2% interest rate over 20 years.

NOTE 11 TRANSFERS

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

	Transfers In	Transfers Out
Major Fund		
General Fund	$ 75,000	$ (700,720)
Capital Project Fund	466,463	(16,174)
Debt Service Fund	1,151,108	(1,058,678)
Non-Major Fund		
Area Capital Improvements	83,000	-
Sponsorship	-	-
Young Field	-	-
Total Transfers	$ 1,775,572	$ (1,775,572)

NOTE 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Park District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of ten million dollars per occurrence for general liability and ten million automobile liability and $1,709,323 for public asset coverage.

The Park District also participates in the State Bonding Fund and the North Dakota Fire and Tornado Fund. The State Bonding Fund currently provides the Park District with blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage. The Park District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dolls per occurrence.

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

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

NOTE 13 PRIOR PERIOD ADJUSTMENTS

Net Position and Fund Balance of the District as of January 1, 2023 has been restated for prior period errors for capital assets, special assessments receivable, and special assessment payables. In addition, fund reclassifications were made in 2023 due to changes within the funds. The results of the adjustments decreased the beginning Net Position of the District, increased the beginning fund balance for the debt service fund, and decreased the beginning fund balance for the capital project fund.

	Governmental Activities	Debt Service Fund	Capital Projects Fund
Beginning Net Position/Fund Balance, as Previously Reported	$ 10,110,430	$ 2,130,166	$ 1,243,746
Prior Period Adjustment			
Fund Classification Change		101,858	(101,858)
Capital Assets, Net	(211,268)	-	-
Special Assessment Payable	5,800,000	5,800,000	-
Uncertified Special Assessment Receivable	(5,561,291)	(5,561,291)	-
Certified Special Assessment Receivable	(238,709)	(238,709)	-
Beginning Net Position/Fund Balance, Restated	$ 9,899,162	$ 2,232,024	$ 1,141,888

WEST FARGO PARK DISTRICT

Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 3,077,500	$ 3,077,500	$ 2,963,830	$ (113,670)
Charges for Services	1,302,000	1,302,000	1,554,388	252,388
Intergovernmental	875,000	875,000	1,033,040	158,040
Miscellaneous	10,000	10,000	9,294	(706)
Total Revenues	$ 5,264,500	$ 5,264,500	$ 5,560,552	$ 296,052
EXPENDITURES				
Current				
General Government	$ 3,749,000	$ 3,749,000	$ 3,638,327	$ 110,673
Recreation	1,401,000	1,803,055	1,352,750	450,305
Total Expenditures	$ 5,150,000	$ 5,552,055	$ 4,991,077	$ 560,978
Excess (Deficiency) of Revenues Over Expenditures	$ 114,500	$ (287,555)	$ 569,475	$ 857,030
OTHER FINANCING SOURCES (USES)				
Unrealized Gain on Investment	$ -	$ -	$ 34,648	$ 34,648
Transfers In	-	-	75,000	75,000
Transfers Out	(1,050,000)	(1,050,000)	(700,720)	349,280
Total Other Financing Sources (Uses)	$ (1,050,000)	$ (1,050,000)	$ (591,072)	$ 458,928
Net Change in Fund Balances	$ (935,500)	$ (1,337,555)	$ (21,597)	$ 1,315,958
Fund Balances - January 1	$ 1,845,382	$ 1,845,382	$ 1,845,382	$ -
Fund Balances - December 31	$ 909,882	$ 507,827	$ 1,823,785	$ 1,315,958

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

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.134349%	$ 2,590,588	$ 1,642,918	157.68%	65.31%
2022	0.131458%	3,786,078	1,526,014	248.10%	54.47%
2021	0.124441%	1,297,049	1,409,154	92.04%	78.26%
2020	0.121660%	3,827,450	1,342,057	285.19%	48.91%
2019	0.116450%	1,364,878	1,211,281	112.68%	71.66%
2018	0.112523%	1,898,948	1,155,966	164.27%	62.80%
2017	0.106106%	1,705,472	1,083,177	157.45%	61.98%
2016	0.093004%	906,415	937,258	96.71%	70.46%
2015	0.096366%	655,272	858,506	76.33%	77.15%
2014	0.093924%	596,156	791,187	75.35%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	$ 124,093	$ 124,093	$ (0)	$ 1,680,646	7.38%
2022	114,935	104,710	10,225	1,578,647	6.63%
2021	103,919	100,721	3,198	1,457,255	6.91%
2020	95,029	94,461	568	1,359,923	6.95%
2019	88,188	85,483	2,705	1,211,281	7.06%
2018	85,142	80,020	5,122	1,155,966	6.92%
2017	78,543	74,683	3,860	1,083,177	6.89%
2016	67,856	65,891	1,965	937,258	7.03%
2015	65,210	60,499	4,711	858,506	7.05%
2014	61,226	(61,226)	-	791,187	7.12%

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

WEST FARGO PARK DISTRICT

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
For the Year Ended December 31, 2023

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.124081%	$ 124,050	$ 1,247,241	9.95%	62.74%
2022	0.123265%	147,956	1,272,594	11.63%	56.28%
2021	0.119321%	66,363	1,300,902	5.10%	76.63%
2020	0.114646%	96,440	1,306,932	7.38%	63.38%
2019	0.108552%	87,188	1,211,281	7.20%	63.13%
2018	0.105643%	83,201	1,155,966	7.20%	61.89%
2017	0.100123%	79,198	1,083,177	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	$ 14,728	$ 14,728	$ 0	$ 1,291,962	1.14%
2022	15,489	14,703	786	1,578,647	0.93%
2021	15,644	14,979	665	1,457,255	1.03%
2020	15,354	14,893	461	1,359,923	1.10%
2019	14,087	13,687	400	1,211,281	1.13%
2018	13,559	12,812	747	1,155,966	1.11%
2017	12,591	11,958	633	1,083,177	1.10%

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

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- The Park District board adopts an "appropriated budget" on the modified accrual basis of accounting.
- The Park Board prepares an annual budget for the general fund of the Park District. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them.
- The Park Board shall meet and hear any and all protests or objections to the items or amounts set forth in the preliminary budget. At the hearing, the Park Board shall make any changes in the items or amounts shown in the preliminary budget.
- The final budget must be filed with the County Auditor before October 10th so that the County has adequate time to prepare the appropriate mill levy for the Park Board.
- Each budget is controlled by the County auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

NOTE 2 CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

OPEB

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

NOTE 3 CHANGES OF ASSUMPTIONS

Pension

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

OPEB

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

NOTE 4 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

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

NOTE 5 LEGAL COMPLIANCE – BUDGETS

Budget Amendments

The board of commissioners amended the Park District budget for 2023 as follows:

	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
General Fund	$ 6,200,000	$ 402,055	$ 6,602,055
Capital Projects	1,673,000	383,321	2,056,321
Debt Service	5,071,000	497,513	5,568,513

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Fargo Park District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the West Fargo Park District's basic financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Fargo Park District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Fargo Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Fargo Park District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings and questioned costs* as items*, 2023-001, 2023-002, and 2023-003* that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Fargo Park District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

West Fargo Park District's Response to Findings

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

Purpose of This Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, ND
December 18, 2024

WEST FARGO PARK DISTRICT

Summary of Auditor's Results
For the Year Ended December 31, 2023

Financial Statements

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

Internal control over financial reporting

Material weaknesses identified?	X	Yes		None Noted
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None Noted
Noncompliance material to financial statements noted?		Yes	X	None Noted

2023-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

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

Criteria

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

Repeat Finding

Yes**.**

Recommendation

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

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

West Fargo Park District's Response

We agree. Beginning in June 2023, the Finance Director discontinued processing payroll and now uses a third-party company, PRO Resources, for payroll and human resources. This was one step to segregate some of his duties as the Finance Director. Additionally, in 2025, an administrative assistant will be hired to segregate more of Mr. Germundson's duties.

2023-002 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

During the audit of the West Fargo Park District, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Effect

The financial statements may have been misstated had they not been adjusted during the audit.

Cause

The West Fargo Park District may not have had procedures in place to ensure the financial statements are complete and accurate.

Criteria

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

Repeat Finding

Yes**.**

Recommendation

We recommend the West Fargo Park District carefully review their procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

West Fargo Park District's Response

We agree. The West Fargo Park District will review the adjustments needed for presentation in the financial statements.

2023-003 – UNREMITTED REVENUE – MATERIAL WEAKNESS

Condition

During the audit of the West Fargo Park District, it was discovered that payments totaling $178,258 had not been remitted by the City of West Fargo to the Park District. The $178,258 consisted of the July 2023 state aid payment which gets deposited in the General Fund in the amount of $95,641 as well as $82,617 for special assessments associated with a Park Improvement District project in the Debt Service Fund. The City of West Fargo has been notified and will remit the payments in 2024 to the Park District.

Effect

Without the Park District's annual audit, the $178,258 may not have been identified in a timely manner by the Park District's current procedures. Additionally, the West Fargo Park District exposes itself to an increased risk of future revenue loss if proper controls are not put in place.

Cause

The West Fargo Park District does not have proper internal controls in place to identify whether all revenue that is supposed to be received, is received, and recorded in Park District's general ledger.

Criteria

Proper internal control according to the COSO framework include controls surrounding the custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements. The framework dictates that there should be sufficient controls in place to help determine whether all revenue that should be received by an entity are received and deposited in a timely manner.

Repeat Finding

No.

Recommendation

We recommend the West Fargo Park District implement an internal control process to ensure all revenue that is expected is being accounted for in the general ledger.

West Fargo Park District's Response

State Aid: We received 12 monthly state aid payments in 2023. Upon further review, one 2022 payment was a correction and one 2023 payment was for 2022. The Finance Director implemented a process to ensure state aid payments are correctly received (March 2024).

Special Assessments: We agree $82,617 was not received from the City of West Fargo. The Finance Director has developed an internal process to ensure all special assessment revenue is received from the City of West Fargo (November 2024).

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GOVERNANCE COMMUNICATION

December 18, 2024

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Fargo Park District, West Fargo, North Dakota, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 10, 2024. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by West Fargo Park District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by West Fargo Park District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management.

Management has corrected all such misstatements. The schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

	Adjustments	
	Debit	**Credit**
Fund Level		
General Fund		
To Record Unrealized Gain on Investment		
Cash & Investments	34,648	
Unrealized Gains/Losses		34,648
To Add Unavailable Revenue - Due from City		
Due from City	95,641	
Deferred Inflows of Resources - Unavailable Revenue		95,641
Capital Projects Fund		
To Record Payable Adjustment		
Accounts Payable	34,214	
Capital Outlay Expenditures		34,214
Debt Service Fund		
To Record Prior Period Adjustment for Special Assessments		
Deferred Inflow of Resources - Jan 1	5,800,000	
Certified Special Assessment Receivable - Jan 1		238,709
Uncertified Special Assessment Receivable - Jan 1		5,561,291
To Record Special Assessment Revenue/Expense Adjustment		
Special Assessment Revenue	436,064	
Special Assessment Expenditures		436,064
To Add Unavailable Revenue - Due from City		
Due from City	82,617	
Deferred Inflows of Resources - Unavailable Revenue		82,617
Government Wide		
To Record Prior Period Adjustment for Capital Assets		
Beginning Net Position	211,268	
Capital Assets, Net		211,268
To Record Prior Period Adjustment for Special Assessments		
Special Assessment Payable	5,800,000	
Uncertified Special Assessment Receivable		5,561,291
Certified Special Assessment Receivable		238,709
To Add Unavailable Revenue - Due from City in the Government Wide Statements		
Due from City	178,258	
Miscellaneous Revenue		82,617
Intergovernmental Revenue		95,641
To Record Unrealized Gain on Investment in the Government Wide Statements		
Cash & Investments	34,648	
Unrealized Gains/Losses		34,648
To Record Payable Adjustment in the Government Wide Statements		
Accounts Payable	34,214	
Recreation Expenditures		34,214

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the *budgetary comparison schedule, schedule of employer’s share of net pension liability and employer contributions, schedule of employer’s share of net OPEB liability and employer contributions,* and *notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 18, 2024

Office of the
State Auditor

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