WEST FARGO PARK DISTRICT

FINANCIAL STATEMENTS
DECEMBER 31, 2024

WITH INDEPENDENT AUDITOR'S REPORT

WEST FARGO PARK DISTRICT

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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 the **West Fargo Park District** (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the **West Fargo Park District's** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

New Accounting Guidance

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

As discussed in Note 12 to the financial statements, the 2023 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **West Fargo Park District's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **West Fargo Park District's** ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Budgetary Comparison Schedule - General Fund, and Notes to the Required Supplementary Information, as listed in the table of contents 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 the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2025, on our consideration of the **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 the 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 Park District's** internal control over financial reporting and compliance.

Fargo, North Dakota
August 7, 2025

WEST FARGO PARK DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2024

		Governmental Activities
ASSETS		
Cash and investments	$	7,818,562
Intergovernmental receivable		86,885
Accounts receivable		105,760
Taxes receivable		55,584
Certified special assessments receivable		240,262
Uncertified special assessments receivable		3,119,953
Capital assets, net of accumulated depreciation		
Land		6,326,806
Construction in progress		3,219,802
Buildings		19,434,084
Equipment/vehicles		730,395
Improvements		20,284,342
Total assets		61,422,435
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows of resources		884,711
Total assets and deferred outflows of resources	$	62,307,146
LIABILITIES		
Accounts payable	$	115,595
Retainage payable		262,631
Salaries payable		100,676
Encumbrance		10,302
Interest payable		375,398
Long-term liabilities		
Due within one year		
Long-term debt		2,393,425
Compensated absences payable		67,758
Due after one year		
Long-term debt		40,979,573
Compensated absences payable		271,031
Net pension & OPEB liability		2,536,582
Total liabilities		47,112,971
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows of resources		1,212,672
NET POSITION		
Net investment in capital assets		5,984,402
Restricted for		
Debt service		3,290,053
Capital projects		1,613,253
Culture and recreation		47,522
Unrestricted		3,046,273
Total net position		13,981,503
Total liabilities, deferred inflows of resources and net position	$	62,307,146

See Notes to Financial Statements

WEST FARGO PARK DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES					
General government	$ 4,242,534	$ -	$ -	$ -	$ (4,242,534)
Culture and recreation	3,583,057	1,721,185	1,007,500	133,018	(721,354)
Interest on long-term debt	1,153,896	-	-	-	(1,153,896)
Special assessments	171,930	-	-	-	(171,930)
Total governmental activities	$ 9,151,417	$ 1,721,185	$ 1,007,500	$ 133,018	(6,289,714)
GENERAL REVENUES					
Property taxes					7,178,705
Unrestricted grants and contributions					1,124,121
Unrestricted investment earnings					346,822
Net gain on sale of capital assets					54,788
Unrealized gain on investment					-
Miscellaneous revenue					70,218
Total general revenues					8,774,654
Change in net position					2,484,940
Net position - January 1					11,496,563
Net position - December 31					$ 13,981,503

WEST FARGO PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Government Funds
ASSETS					
Cash and investments	$ 1,900,066	$ 2,324,009	$ 3,296,095	$ 298,392	$ 7,818,562
Intergovernmental receivable	86,885	-	-	-	86,885
Accounts receivable	105,760	-	-	-	105,760
Taxes receivable	26,021	-	29,563	-	55,584
Certified special assessments receivable	-	-	240,262	-	240,262
Uncertified special assessments receivable	-	-	3,119,953	-	3,119,953
Total assets	$ 2,118,732	$ 2,324,009	$ 6,685,873	$ 298,392	$ 11,427,006
LIABILITIES					
Accounts payable	$ -	$ 115,595	$ -	$ -	$ 115,595
Salaries payable	100,676	-	-	-	100,676
Encumbrance	4,260	-	6,042	-	10,302
Total liabilities	104,936	115,595	6,042	-	226,573
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	26,021	-	29,563	-	55,584
Certified special assessments receivable	-	-	240,262	-	240,262
Uncertified special assessments receivable	-	-	3,119,953	-	3,119,953
Total deferred inflows of resources	26,021	-	3,389,778	-	3,415,799
Total liabilities and deferred inflows of resources	130,957	115,595	3,395,820	-	3,642,372
FUND BALANCES					
Restricted for					
Debt service	-	-	3,290,053	-	3,290,053
Capital projects	-	1,613,253	-	-	1,613,253
Culture and recreation	-	-	-	47,522	47,522
Assigned					
Capital projects	-	595,161	-	-	595,161
Culture and recreation	-	-	-	250,870	250,870
Unassigned	1,987,775	-	-	-	1,987,775
Total fund balances	1,987,775	2,208,414	3,290,053	298,392	7,784,634
Total liabilities, deferred inflows, and fund balances	$ 2,118,732	$ 2,324,009	$ 6,685,873	$ 298,392	$ 11,427,006

WEST FARGO PARK DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2024

Total fund balances for governmental funds		$ 7,784,634
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	68,731,121	
Less accumulated depreciation	(18,735,692)	49,995,429
Property tax and special assessments receivable will be collected after year-end, but are not available to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		
Property taxes receivable	55,584	
Certified special assessments receivable	240,262	
Uncertified special assessments receivable	3,119,953	3,415,799
Long-term liabilities applicable to the District's governmental activities 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	(43,372,998)	
Retainage payable	(262,631)	
Interest payable	(375,398)	
Compensated absences payable	(338,789)	
Net pension and OPEB liability	(2,536,582)	(46,886,398)
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore are not reported in the funds.		
Total deferred outflows of resources	884,711	
Total deferred inflows of resources	(1,212,672)	(327,961)
Total net position of governmental activities		$ 13,981,503

WEST FARGO PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Government Funds
REVENUES					
Property taxes	$ 3,293,407	$ -	$ 3,887,063	$ -	$ 7,180,470
Special assessments	-	-	469,022	-	469,022
Charges for services	1,652,160	-	50,000	19,025	1,721,185
Intergovernmental	1,219,762	1,000,000	-	7,500	2,227,262
Interest income	-	346,790	32	-	346,822
Miscellaneous	31,483	38,732	-	-	70,215
Total revenues	6,196,812	1,385,522	4,406,117	26,525	12,014,976
EXPENDITURES					
Current					
General government	3,890,018	-	-	-	3,890,018
Culture and recreation	1,566,580	-	-	65,097	1,631,677
Capital outlay	-	3,902,941	43,252	-	3,946,193
Debt service					
Principal	-	-	2,203,204	-	2,203,204
Interest and fees	-	-	1,318,358	-	1,318,358
Special assessments	-	-	171,930	-	171,930
Total expenditures	5,456,598	3,902,941	3,736,744	65,097	13,161,380
Excess (deficiency) of revenues over expenditures	740,214	(2,517,419)	669,373	(38,572)	(1,146,404)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	25,087	-	30,624	55,711
Special assessment bond proceeds	-	2,255,000	-	-	2,255,000
Notes payable proceeds	-	740,000	-	-	740,000
Bond premium	-	122,143	-	-	122,143
Underwriters discount	-	(28,141)	-	-	(28,141)
Transfers in	100,000	857,821	1,251,365	64,000	2,273,186
Transfers out	(676,224)	(119,615)	(1,477,347)	-	(2,273,186)
Total other financing sources (uses)	(576,224)	3,852,295	(225,982)	94,624	3,144,713
Net change in fund balances	163,990	1,334,876	443,391	56,052	1,998,309
FUND BALANCES - JANUARY 1	1,823,785	1,049,664	2,670,536	242,340	5,786,325
Prior period adjustments	-	(176,126)	176,126	-	-
FUND BALANCES - JANUARY 1, as restated	1,823,785	873,538	2,846,662	242,340	5,786,325
FUND BALANCES - DECEMBER 31	$ 1,987,775	$ 2,208,414	$ 3,290,053	$ 298,392	$ 7,784,634

WEST FARGO PARK DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITES
DECEMBER 31, 2024

Net change in fund balances - total governmental funds		$ 1,998,309
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:		
Current year capital outlay	3,969,750	
Depreciation expense	(2,011,903)	1,957,847
Some revenues reported in 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	(1,765)	
Net change in unavailable revenue - due from city	(178,258)	
Net change in certified special assessments receivable	(6,426)	
Net change in uncertified special assessments receivable	(246,962)	(433,411)
Certain liabilities, such as leases payable and compensated absences, are not due and payable in the current period, and therefore are not reported in the funds.		
Net change in long-term debt	(834,842)	
Net change in retainage payable	(262,631)	
Net change in interest payable	113,508	
Net change in compensated absences payable	(1,890)	(985,855)
The net pension liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to the pension items do not involve financial resources, and are not reported in the funds.		
Net change in net pension liability	178,056	
Net change in deferred outflows of resources	(1,009,667)	
Net change in deferred inflows of resources	779,661	(51,950)
Change in net position of governmental activities		$ 2,484,940

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The financial statements of the West Fargo Park District (the "District"), West Fargo, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Government 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 West Fargo Park District. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. Their criteria include appointing a voting majority of an organization's governing board and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or imposed financial burdens on the District.

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

Blended Component Unit

West Fargo Park District Building Authority ("Building Authority") -The Building Authority serves only the District. The 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. The funds of the Building Authority are blended with the debt service and capital projects funds of the District.

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government of the District. 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 demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fees and charges paid by the recipient of goods or services offered by the program and (2) 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 all taxes, are reported instead of general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

Capital Projects Fund: This fund accounts for financial resources dedicated to the construction of new capital improvements and construction. The primary source of revenue in this fund is special assessments and state reimbursements.

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 and Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. These 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 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.

In the fund financial statements, the current financial resources measurement focus, and the modified accrual basis of accounting is used. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the 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 expenditure in governmental funds. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

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

Cash and Investments

Cash and cash investments include amounts in demand deposits, money market accounts, as well as U.S. treasury bonds that are recorded at fair market value.

Capital Assets

Capital assets, which include property, plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 the assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Machinery and Equipment	7 to 15 years
Vehicles	7 years
Improvements	10 to 30 years

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 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (revenue) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Financial Statements

Government fund equity is classified as fund balance and may distinguish between "Restricted" and "Unrestricted" components.

Fund Balance and Classification Policies and Procedures

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, the governmental funds report fund classification that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in those funds are spent. Fund balances are classified as follows:

> ***Nonspendable*** – Fund balances that cannot be spent because they are either (a) not in spendable form or (b) because of legally or contractually required to be maintained intact.
>
> ***Restricted*** – Restricted fund balances are those for which constraints are places on the use of fund balances which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of the governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances can only be used for specific purposes pursuant to constraints imposed by a board motion of the government's highest level of decision-making authority, the governing board. A board motion is required to rescind a fund balance commitment.

Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for a specific purpose but are under the direction of the board and the District's management.

Unassigned – Unassigned fund balances are those that have not been reported in any other classification. The general fund is the only fund that can report a positive unassigned fund balance.

As of December 31, 2024, the District reported restricted, assigned, and unassigned fund balances.

Net Position

Net position represents the difference between assets and liabilities. Net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

Change in Accounting Principle

The District implemented GASB Statement 101, Compensated Absences – an amendment of GASB Statement No. 16, during the year ended December 31, 2024. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

NOTE 2 – CASH AND CASH EQUIVALENTS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System. Deposits must either be deposited with the Bank of North Dakota or in another financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities of 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, school district, park district, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing entity and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year ended December 31, 2024, the District's carrying amount of deposits was $5,329,121 and the bank balances were $5,285,392. Of the bank balance, $5,042,470 was covered by Federal Depository Insurance. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

Interest Rate Risk

The District does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk

The District may invest idle funds as authorized in North Dakota Statutes, as follows:

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

Concentration of Credit Risk

The District does not have a policy limiting the amount the District may invest in any one issuer.

The District invests in fixed income investments which include fixed income securities as part of its portfolios. The average maturities of the fixed income holdings of the investments are as follows:

Maturity		
Less than 1 year	$	2,585,329
1-5 years		-
5-10 years		-
>10 years		-
Market Value	$	2,585,329

NOTE 3 – FAIR VALUE OF INVESTMENTS

The three levels of the fair value hierarchy in accordance with Fair Value Measurements are described below:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value:

Government Bonds – Valued at the most recent traded prices reported on the active market on which the individual securities are traded. When the held asset is infrequently traded, valuations are based on various market and industry inputs including a combination of the relative changes in market interest rates, changes in the credit quality of bonds, and the relative supply of and demand for bonds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the District's investments measured at fair value at December 31, 2024:

	Fair Value	Level 1	Level 2	Level 3
US Treasury bonds	$ 2,585,329	$ -	$ 2,585,329	$ -

NOTE 4 – TAXES AND SPECIAL ASSESSMENTS RECEIVABLE

Taxes and special assessments receivable represents the past three years of uncollected current and delinquent taxes. Management believes all delinquent taxes will be collected; therefore, no allowance has been established for uncollectible taxes receivable.

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

Property taxes are levied as of January 1st. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1st and the second installment is due by October 15th. A 5.0% discount on property taxes is allowed if all taxes and special assessments are paid by February 15th. After the due dates, the bill becomes delinquent, and penalties are assessed.

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

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2024:

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	$ 6,326,806	$ -	$ -	$ -	$ 6,326,806
Construction in progress	335,863	3,908,688	-	(1,024,749)	3,219,802
Total capital assets, not being depreciated	6,662,669	3,908,688	-	(1,024,749)	9,546,608
Capital assets, being depreciated					
Buildings	29,315,590	-	-	-	29,315,590
Equipment/vehicles	2,936,712	61,062	118,644	-	2,879,130
Improvements	25,965,044	-	-	1,024,749	26,989,793
Total capital assets, being depreciated	58,217,346	61,062	118,644	1,024,749	59,184,513
Less accumulated depreciation for					
Buildings	8,983,521	897,985	-	-	9,881,506
Equipment	2,062,114	204,343	117,722	-	2,148,735
Improvements	5,796,798	908,653	-	-	6,705,451
Total accumulated depreciation	16,842,433	2,010,981	117,722	-	18,735,692
Total capital assets, being depreciated, net	41,374,913	(1,949,919)	922	1,024,749	40,448,821
Governmental activities capital assets, net	$ 48,037,582	$ 1,958,769	$ 922	$ -	$ 49,995,429

Depreciation expense was charged to the culture and recreation function.

NOTE 6 – LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in liabilities reported in the long-term liabilities of the governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-term debt					
Lease revenue bonds	$ 12,735,000	$ -	$ 505,000	$ 12,230,000	$ 525,000
Government obligation bonds	8,435,000	-	685,000	7,750,000	655,000
Special assessment bonds	16,206,923	2,255,000	841,925	17,619,998	950,000
Notes payable	-	740,000	-	740,000	33,607
Special assessments payable	4,285,669	-	171,279	4,114,390	174,162
Bond premium	875,564	122,143	50,956	946,751	57,063
Underwriters discount	-	(28,141)	-	(28,141)	(1,407)
Total long-term debt	42,538,156	3,089,002	2,254,160	43,372,998	2,393,425
Compensated absences	336,899	1,890		338,789	67,758
Net pension and OPEB liability	2,714,638	-	178,056	2,536,582	-
Total	$ 45,589,693	$ 3,090,892	$ 2,432,216	$ 46,248,369	$ 2,461,183

*The change in compensated absences and net pension and OPEB liability is shown as a net change.

The following represents the required payments on the long-term debt:

Year Ending Dec 31	Lease Revenue Bonds		Government Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 525,000	$ 448,730	$ 655,000	$ 182,030	$ 950,000	$ 542,655
2026	545,000	428,774	650,000	168,981	945,000	503,439
2027	555,000	409,005	645,000	154,080	960,000	470,071
2028	575,000	388,355	640,000	138,235	990,000	435,289
2029	590,000	367,264	640,000	123,113	1,020,000	400,639
2030-2034	3,275,000	1,484,690	2,935,000	387,569	5,265,000	1,523,993
2035-2039	3,880,000	804,899	1,475,000	84,989	5,125,000	773,632
2040-2044	2,285,000	148,650	110,000	1,239	2,364,998	146,150
2045-2049	-	-	-	-	-	-
Total	$ 12,230,000	$ 4,480,367	$ 7,750,000	$ 1,240,236	$ 17,619,998	$ 4,795,868

Year Ending Dec 31	Notes Payable		Special Assessments Payable		Bond Premium	Bond Discount
	Principal	Interest	Principal	Interest		
2025	$ 33,607	$ 14,464	$ 174,162	$ 159,278	$ 57,063	$ 1,407
2026	33,943	13,788	176,252	149,296	57,063	1,407
2027	34,283	13,106	179,100	145,239	57,063	1,407
2028	34,626	12,417	181,355	138,081	57,063	1,407
2029	34,972	11,721	183,972	130,845	57,063	1,407
2030-2034	180,177	47,919	956,077	542,536	285,315	7,035
2035-2039	189,367	29,447	1,040,342	347,402	271,941	7,035
2040-2044	199,025	10,030	881,493	146,984	104,180	7,036
2045-2049	-	-	341,637	20,736	-	-
Total	$ 740,000	$ 152,892	$ 4,114,390	$ 1,780,397	$ 946,751	$ 28,141

NOTE 7 – PENSION PLANS

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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service 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 to 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 7.00% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.00% 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, 2024, the District reported a liability of $2,437,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the District's proportion was .130314 percent, which was a decrease of .004035 from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the District recognized pension expense of $145,730. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 115,724	$ -
Changes of assumptions	587,393	1,106,019
Net difference between projected and actual earnings on pension plan investments	-	22,286
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,302	68,325
Employer contributions subsequent to the measurement date	75,840	-
	$ 859,259	$ 1,196,630

$75,840 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

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

Year ended June 30:	
2025	$ (269,392)
2026	44,535
2027	(164,475)
2028	(23,879)
2029	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2024, 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	6.5%, 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	31.90%	5.40%
International equity	19.10%	7.00%
Private equity	7.00%	8.50%
Domestic fixed income	23.00%	2.88%
Global real assets	19.00%	6.10%

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 3.97%; 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%)
District's proportionate share of net pension liability	$ 3,444,532	$ 2,437,336	$ 1,602,000

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

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 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 the compensation covered. 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 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, 2024, the District reported a liability of $99,246 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the Employer's proportion was 0.114861 percent, which was a decrease of 0.009220 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the District recognized OPEB expense of $18,422. At December31, 2024, the 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	$ 1,224	$ 763
Changes of assumptions	15,098	6,795
Net difference between projected and actual earnings on pension plan investments	-	3,712
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,343	4,772
Employer contributions subsequent to the measurement date	6,787	-
	$ 25,452	$ 16,042

$6,787 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, 2024.

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

Year ended June 30:	
2025	$ 4,922
2026	7,629
2027	(7,099)
2028	(2,829)
2029	-
2030	-
Thereafter	-

Actuarial assumptions

The total OPEB liability in the July 1, 2024, 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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap domestic equities	33.00%	4.00%
Small cap domestic equities	6.00%	6.00%
Domestic fixed income	35.00%	3.29%
International equities	26.00%	7.00%

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, 2024, 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%)
District's proportionate share of net pension liability	$ 135,645	$ 99,246	$ 68,590

NOTE 9 – CONSTRUCTION COMMITMENTS

The District had the following construction commitments as of December 31, 2024:

	Total Contract	Total Completed	Retainage Payable	Remaining
Rendezvous	$ 2,626,313	$ 2,626,313	$ 262,631	$ 262,631

NOTE 10 – INTERFUND TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2024:

Fund	Transfer In	Transfer Out
General fund	$ 100,000	$ 676,224
Capital projects fund	857,821	119,615
Debt service fund	1,251,365	1,477,347
Other governmental funds	64,000	-
Total transfers	$ 2,273,186	$ 2,273,186

Transfers are used to move unrestricted general revenue to finance programs that the District accounts for in other funds in accordance with budget authority and to subsidize other programs.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the state and other political subdivisions 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 District pays an annual premium to NDIRF for its general insurance coverage. The coverage by NDIRF is limited to losses of $10,000,000 per occurrence for general liability and automobile; and $2,037,714 for public assets.

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

The District has workers' compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The 2024 beginning fund balances of the capital projects fund and debt service fund have been restated to adjust for a fund reclassification change due to the capital projects funds now being used for the purpose of debt service. This resulted in an adjustment to the January 1, 2024, fund balances as follows:

	Capital Projects Fund	Debt Service Fund
Beginning of year fund balance, as previously reported	$ 1,049,664	$ 2,670,536
Fund reclassification change	(176,126)	176,126
Beginning of year fund balance, as restated	$ 873,538	$ 2,846,662

WEST FARGO PARK DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

WEST FARGO PARK DISTRICT

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
ND PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Schedule of Employer's Share of Net Pension Liability

Pension Plan	Measurement Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
ND PERS	6/30/2024	0.130314%	$ 2,437,336	$ 1,709,457	142.58%	68.00%
ND PERS	6/30/2023	0.134349%	$ 2,590,588	$ 1,642,918	157.68%	65.31%
ND PERS	6/30/2022	0.131458%	$ 3,786,078	$ 1,526,014	248.10%	54.47%
ND PERS	6/30/2021	0.124441%	$ 1,297,049	$ 1,409,154	92.04%	78.26%
ND PERS	6/30/2020	0.121660%	$ 3,827,450	$ 1,342,057	285.19%	48.91%
ND PERS	6/30/2019	0.116450%	$ 1,364,878	$ 1,211,281	112.68%	71.66%
ND PERS	6/30/2018	0.112523%	$ 1,898,948	$ 1,155,966	164.27%	62.80%
ND PERS	6/30/2017	0.106106%	$ 1,705,472	$ 1,083,177	157.45%	91.98%
ND PERS	6/30/2016	0.093004%	$ 906,415	$ 937,258	96.71%	70.46%
ND PERS	6/30/2015	0.096366%	$ 655,272	$ 858,506	76.33%	77.15%

* The measurement date of the actuarial report is six months prior to the balance sheet date.

WEST FARGO PARK DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ND PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Schedule of Employer's Contributions

Pension Plan	Measurement Date*	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
ND PERS	6/30/2024	$ 140,719	$ 141,763	$ (1,044)	$ 1,709,457	8.29%
ND PERS	6/30/2023	$ 124,093	$ 124,093	$ -	$ 1,680,646	7.38%
ND PERS	6/30/2022	$ 114,935	$ 104,710	$ 10,225	$ 1,578,647	6.63%
ND PERS	6/30/2021	$ 103,919	$ 100,721	$ 3,198	$ 1,457,255	6.91%
ND PERS	6/30/2020	$ 95,029	$ 94,461	$ 568	$ 1,359,923	7.00%
ND PERS	6/30/2019	$ 88,188	$ 85,483	$ 2,705	$ 1,211,281	7.00%
ND PERS	6/30/2018	$ 85,202	$ 80,080	$ 5,122	$ 1,155,966	6.92%
ND PERS	6/30/2017	$ 78,543	$ 74,683	$ 3,860	$ 1,083,177	6.89%
ND PERS	6/30/2016	$ 67,856	$ 65,891	$ 1,965	$ 937,258	7.03%
ND PERS	6/30/2015	$ 65,210	$ 60,499	$ 4,711	$ 858,506	7.05%

* The measurement date of the actuarial report is six months prior to the balance sheet date.

WEST FARGO PARK DISTRICT

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY - OPEB PLAN
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension Liability

Pension Plan	Measurement Date**	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
ND OPEB	6/30/2024	0.114861%	$ 99,246	$ 1,190,769	8.34%	68.35%
ND OPEB	6/30/2023	0.124081%	$ 124,050	$ 1,247,241	9.95%	62.74%
ND OPEB	6/30/2022	0.123265%	$ 147,956	$ 1,272,594	11.63%	56.28%
ND OPEB	6/30/2021	0.119321%	$ 66,363	$ 1,300,902	5.10%	76.63%
ND OPEB	6/30/2020	0.114646%	$ 96,440	$ 1,306,932	7.38%	63.38%
ND OPEB	6/30/2019	0.108552%	$ 87,188	$ 1,211,281	7.20%	63.13%
ND OPEB	6/30/2018	0.105643%	$ 83,201	$ 1,155,966	7.20%	61.89%
ND OPEB	6/30/2017	0.100123%	$ 79,198	$ 1,083,177	7.31%	59.78%

* Complete data not available prior to 2017.

** The measurement date of the actuarial report is six months prior to the balance sheet date.

WEST FARGO PARK DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB PLAN
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions

Pension Plan	Measurement Date**	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
ND OPEB	6/30/2024	$ 14,160	$ 15,167	$ (1,007)	$ 1,190,769	1.27%
ND OPEB	6/30/2023	$ 14,728	$ 14,728	$ -	$ 1,291,962	1.14%
ND OPEB	6/30/2022	$ 15,489	$ 14,703	$ 786	$ 1,578,647	0.93%
ND OPEB	6/30/2021	$ 15,644	$ 14,979	$ 665	$ 1,457,255	1.03%
ND OPEB	6/30/2020	$ 15,354	$ 14,893	$ 461	$ 1,359,923	1.10%
ND OPEB	6/30/2019	$ 14,087	$ 13,687	$ 400	$ 1,211,281	1.13%
ND OPEB	6/30/2018	$ 13,559	$ 12,812	$ 747	$ 1,155,966	1.11%
ND OPEB	6/30/2017	$ 12,591	$ 11,958	$ 633	$ 1,083,177	1.10%

* Complete date not available prior to 2017.
** The measurement date of the actuarial report is six months prior to the balance sheet date.

WEST FARGO PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Property taxes	$ 3,430,111	$ 3,430,111	$ 3,293,407	$ (136,704)
Charges for services	1,467,000	1,467,000	1,652,160	185,160
Intergovernmental revenue	900,000	900,000	1,219,762	319,762
Miscellaneous revenue	10,000	10,000	31,483	21,483
Total revenues	5,807,111	5,807,111	6,196,812	389,701
EXPENDITURES				
Current				
General government	4,104,000	4,104,000	3,890,018	(213,982)
Culture and recreation	1,596,000	1,596,000	1,566,580	(29,420)
Total expenditures	5,700,000	5,700,000	5,456,598	(243,402)
Excess (deficiency) of revenues over expenditures	107,111	107,111	740,214	633,103
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	(1,750,000)	(2,086,714)	(676,224)	1,410,490
Total other financing sources (uses)	(1,750,000)	(2,086,714)	(576,224)	1,510,490
Net change in fund balance	(1,642,889)	(1,979,603)	163,990	2,143,593
Fund balance - January 1	1,823,785	1,823,785	1,823,785	-
Fund balance - December 31	$ 180,896	$ (155,818)	$ 1,987,775	$ 2,143,593

WEST FARGO PARK DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The District adopts an annual budget on a modified accrual basis of accounting.
- The annual budget must be prepared, and District taxes must be levied on or before the fifteenth day of August of each year.
- The taxes levied must be certified to the county auditor by the twenty-fifth of August.
- The governing board may amend its tax levy and budget, but the certification must be filed with the county auditor by the tenth of October.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the business manager at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

NOTE 2 – CHANGES OF ASSUMPTIONS

North Dakota Employees Retirement System Pension:

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

OPEB:

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

NOTE 3 – CHANGES OF BENEFIT TERMS:

North Dakota Employees Retirement System Pension:

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025, and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026, and ending June 30, 2056.

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, 2023.

NOTE 4 – BUDGET AMENDMENTS

The Park Board amended the District budget for 2024 as follows:

	Original Budget	Amendments	Amended Budget
General fund transfers out	$ 1,750,000	$ 336,714	$ 2,086,714

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS) 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** (District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise **West Fargo Park District's** basic financial statements, and have issued our report thereon dated August 7, 2025.

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) to determine the 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, and 2024-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (GAS).

West Fargo Park District's Response to Findings

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

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* (GAS) in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fargo, North Dakota
August 7, 2025

WEST FARGO PARK DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:				
Governmental Activities	Unmodified			
Major Funds	Unmodified			
Aggregate Remaining Fund Information	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	X	yes		no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		yes	X	no
Noncompliance material to financial statements noted?		yes	X	no

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

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.

Criteria

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

Cause

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

Effect

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

Recommendation

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

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official, such as a board member.

- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Views of Responsible Officials

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.

2024-002 (MATERIAL WEAKNESS) – AUDIT ADJUSTMENTS

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.

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).

Cause

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

Effect

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

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.

Views of Responsible Officials

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