



Financial Statements
December 31, 2020

Williston Parks & Recreation District

Williston Parks & Recreation District

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2020 Board Members

Jeff Larson
Mike Owens
Kelly Heller
Rheanda Axtman
John Liffbrig

President
Vice-President
Commissioner
Commissioner
Commissioner



Independent Auditor's Report

Park Board
Williston Parks & Recreation District
Williston, North Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, discretely presented component unit, and each major fund of the Williston Parks & Recreation District, Williston, North Dakota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Williston Parks & Recreation District, as of December 31, 2020, and the respective changes in financial position— modified cash basis thereof and for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Correction of Error

As discussed in Note 11 to the modified cash basis financial statements, certain errors resulting in overstatement of amounts previously reported for fund balance/net position as of December 31, 2019, were discovered by management of the Williston Parks & Recreation District during the current year. Accordingly, amounts reported for fund balance have been restated in the 2020 modified cash basis financial statements now presented, and an adjustment has been made to fund balance/net position as of January 1, 2020, to correct the error. Our opinion is not modified with respect to that matter.

Emphasis of Matter Regarding Going Concern

The accompanying modified cash basis financial statements have been prepared assuming that the Park District will continue as a going concern. As discussed in Note 13 to the modified cash basis financial statements, the Park District has suffered a significant decline in revenues due to the global pandemic in addition to a significant unexpected expense to reimburse prior sales tax receipts. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Williston Parks & Recreation District's basic financial statements. The Park District officials on page 1 and the budgetary comparison information on pages 24-25, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 24, 2021 on our consideration of the Williston Parks & Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Williston Parks & Recreation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Williston Parks & Recreation District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed text.

Bismarck, North Dakota
November 24, 2021

Williston Parks & Recreation District
Statement of Net Position – Modified Cash Basis
December 31, 2020

	Primary Governmental Activities	Component Unit
Assets		
Cash and investments	\$ 13,026,461	\$ 111,254
Reserve fund cash	6,005,839	-
Capital assets not being depreciated		
Land	450,000	-
Capital assets (net of accumulated depreciation)		
Buildings	64,910,472	-
Vehicles	172,542	-
Equipment	2,916,966	-
Land improvements	2,943,042	-
	<u>\$ 90,425,322</u>	<u>\$ 111,254</u>
Liabilities		
Long-term liabilities		
Due within one year		
Revenue bonds payable	\$ 2,737,197	\$ -
Due after one year		
Revenue bonds payable	42,259,162	-
	<u>\$ 44,996,359</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 26,396,663	\$ -
Restricted for		
Debt service	16,418,465	-
Unrestricted	2,613,835	111,254
	<u>\$ 45,428,963</u>	<u>\$ 111,254</u>

Williston Parks & Recreation District

Statement of Activities – Modified Cash Basis

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Governmental Activities						
Culture and recreation	\$ 10,730,667	\$ 2,475,537	\$ 123,146	\$ 101,879	\$ (8,030,105)	\$ -
Interest and bond costs on long-term debt	<u>2,132,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,132,903)</u>	<u>-</u>
Total Governmental Activities	<u>\$ 12,863,570</u>	<u>\$ 2,475,537</u>	<u>\$ 123,146</u>	<u>\$ 101,879</u>	<u>(10,163,008)</u>	<u>-</u>
Component Unit						
Williston Parks & Recreation District Foundation	<u>\$ 141,745</u>	<u>\$ -</u>	<u>\$ 102,500</u>	<u>\$ -</u>	-	(39,245)
General Revenues						
Sales tax					8,421,241	-
Other unrestricted aid					408,911	-
Interest income					25,039	-
Mineral lease revenue					204,757	-
Miscellaneous revenue					238,256	37
Total general revenues					<u>9,298,204</u>	<u>37</u>
Change in net position					<u>(864,804)</u>	<u>(39,208)</u>
Net position - January 1, as restated					<u>46,293,767</u>	<u>150,462</u>
Net position - December 31					<u>\$ 45,428,963</u>	<u>\$ 111,254</u>

Williston Parks & Recreation District
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2020

	Major Funds		Total Governmental Funds
	General	Debt Service Fund	
Assets			
Cash and investments	\$ 2,613,835	\$ 10,412,626	\$ 13,026,461
Reserve fund cash	-	6,005,839	6,005,839
	<u>\$ 2,613,835</u>	<u>\$ 16,418,465</u>	<u>\$ 19,032,300</u>
Total assets			
Fund Balances			
Restricted for:			
Debt service	\$ -	\$ 16,418,465	\$ 16,418,465
Unrestricted	2,613,835	-	2,613,835
	<u>\$ 2,613,835</u>	<u>\$ 16,418,465</u>	<u>\$ 19,032,300</u>
Total fund balances			
	<u>\$ 2,613,835</u>	<u>\$ 16,418,465</u>	<u>\$ 19,032,300</u>

Williston Parks & Recreation District
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Modified Cash Basis
 December 31, 2020

Total fund balances for governmental funds		\$ 19,032,300
Total net position reported for government activities in the statement of net position is different because		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds		
Cost of capital assets	\$ 90,459,298	
Less accumulated depreciation	<u>(19,066,276)</u>	
Net capital assets		71,393,022
Long-term liabilities applicable to the Park District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities are reported in the statement of net position.		
Balances at December 31, 2019 are		
Revenue bonds payable		<u>(44,996,359)</u>
Total net position of governmental activities		<u><u>\$ 45,428,963</u></u>

Williston Parks & Recreation District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash Basis
 Year Ended December 31, 2020

	Major Funds		Total Governmental Funds
	General	Debt Service Fund	
Revenues			
Taxes	\$ 4,210,620	\$ 4,210,621	\$ 8,421,241
Intergovernmental	408,911	-	408,911
Charges for services	2,475,537	-	2,475,537
Contributions	185,146	-	185,146
Mineral lease revenue	204,757	-	204,757
Miscellaneous	238,256	-	238,256
Interest	7,028	18,011	25,039
Total revenues	<u>7,730,255</u>	<u>4,228,632</u>	<u>11,958,887</u>
Expenditures			
Current			
General culture and recreation	2,023,328	-	2,023,328
Parks	1,091,187	-	1,091,187
Recreation programs	1,039,979	-	1,039,979
Community Center	2,907,404	-	2,907,404
Golf	96,226	-	96,226
Capital Outlay	226,614	-	226,614
Sales tax credit rebate	1,277,017	-	1,277,017
Debt service			
Principal	-	2,610,000	2,610,000
Interest and bond costs	-	2,117,000	2,117,000
Miscellaneous fees	-	8,100	8,100
Total expenditures	<u>8,661,755</u>	<u>4,735,100</u>	<u>13,396,855</u>
Excess (Deficiency) of revenues over expenditures	<u>(931,500)</u>	<u>(506,468)</u>	<u>(1,437,968)</u>
Other Financing Sources (Uses)			
Transfer in	-	878,934	878,934
Transfers out	(878,934)	-	(878,934)
Total Other Financing Sources (Uses)	<u>(878,934)</u>	<u>878,934</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,810,434)</u>	<u>372,466</u>	<u>(1,437,968)</u>
Fund Balance - January 1, as restated	<u>4,424,269</u>	<u>16,045,999</u>	<u>20,470,268</u>
Fund Balance - December 31	<u>\$ 2,613,835</u>	<u>\$ 16,418,465</u>	<u>\$ 19,032,300</u>

Williston Parks & Recreation District

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to
the Statement of Activities – Modified Cash Basis
Year Ended December 31, 2020

Net change in fund balances - total governmental funds		\$ (1,437,968)
The change in net position reported for governmental activities in the statement of activities is different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Current year capital outlay	\$ 226,614	
Capital assets contributed by other entities	39,879	
Current year depreciation expense	<u>(2,295,526)</u>	
		(2,029,033)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		2,610,000
Bond discounts decrease bond proceeds recorded as current financial resources in the governmental funds in the year bonds are issued, but are amortized over the maturity period of the bond in the statement of activities		
		<u>(7,803)</u>
Change in net position of governmental activities		<u><u>\$ (864,804)</u></u>

Note 1 - Principal Business Activity and Significant Accounting Policies**Reporting Entity**

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

Component Unit

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

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

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

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

Government-Wide Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

The Park District reports the following major governmental funds:

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

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

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

Equity Classifications

Government-wide Statements

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

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

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

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

Restricted and Unrestricted Resources

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

Fund Balance Classification Policies and Procedures

The Park District classifies governmental fund balances as follows:

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

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

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

Program Revenues

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

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

Cash and Investments

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

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

Reserve Fund Cash

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

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

Long-Term Obligations

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

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

Interfund Transactions

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

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

Note 2 - Deposits

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

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

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

At year ended December 31, 2020, the Park District's carrying amount of deposits was \$19,032,300. The Park District's deposits include \$11,231,421 of commercial paper sweep accounts held in Trust and \$2,463,208 of U.S. government securities. The Foundation's carrying amount of deposits was \$111,354. These deposits are covered by bonds disclosed in Note 6. Of the remaining balance, \$250,000 is covered by the Federal Deposit Insurance Corporation (FDIC); the remainder is covered by pledged assets.

Interest Rate Risk

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

Credit Risk

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

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

As of December 31, 2020, the Park District held certificates of deposit in the amount of \$1,140,693 which all mature within one year.

Concentration of Credit Risk

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

Note 3 - General Fund Expenditures

At December 31, 2020 the following fund had actual expenditures that exceeded the adopted budget:

General Fund	\$ (754,606)
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The general fund expenditures over budget were eliminated by the reserve fund and/or the cash fund balance from 2019. The negative balance expenditures were caused by 3 things: Sales tax revenue drop due to oil crash/pandemic, sales tax credit rebate that WPRD paid \$1,277,017 towards the \$2.8 million dollar assessment received in April 2020 and the Government mandated closure of WPRD/WARC during the pandemic in March, April, May of 2020 causing a decrease in revenues that are normally used to cover the expenditures for WPRD.

Note 4 - Interfund Transfer

Interfund activity at December 31, 2020 consisted of the following:

<u>Transfer out</u>	<u>Transfer in</u>	<u>2020</u>
General fund	Debt Service Fund	\$ 878,934

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

Note 5 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2020. Currently the Park District maintains records and depreciation schedules for all current capital assets and for significant long-lived assets where historical costs have been found, and that still have useful lives. Depreciation expense is charged to culture and recreation.

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Construction in progress	139,442	56,750	(196,192)	-
Total capital assets not being depreciated	589,442	56,750	(196,192)	450,000
Capital assets, being depreciated				
Buildings	78,822,450		-	78,822,450
Vehicles	406,114	60,097	-	466,211
Equipment	5,642,791	69,927	-	5,712,718
Land Improvements	4,732,008	275,911	-	5,007,919
Total capital assets being depreciated	89,603,363	405,935	-	90,009,298
Less accumulated depreciation for				
Buildings	(12,295,858)	(1,616,120)	-	(13,911,978)
Vehicles	(261,202)	(32,467)	-	(293,669)
Equipment	(2,463,223)	(332,529)	-	(2,795,752)
Land Improvements	(1,750,467)	(314,410)	-	(2,064,877)
Total accumulated depreciation	(16,770,750)	(2,295,526)	-	(19,066,276)
Governmental type activity capital assets, net	\$ 73,422,055	\$ (1,832,841)	\$ (196,192)	\$ 71,393,022

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

Governmental activities	
Culture and Recreation	\$ 2,295,526

Note 6 - Long-Term Debt

Primary Government

Changes in Long-Term Liabilities - During the year ended December 31, 2020, the following changes occurred in long-term debt:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Bonds payable	\$ 47,700,000	\$ -	\$ 2,610,000	\$ 45,090,000	\$ 2,745,000
Bond discount	(101,444)	-	(7,803)	(93,641)	(7,803)
Total	<u>\$ 47,598,556</u>	<u>\$ -</u>	<u>\$ 2,602,197</u>	<u>\$ 44,996,359</u>	<u>\$ 2,737,197</u>

Outstanding debt at December 31, 2020 consists of the following:

\$48,405,000 sales tax and gross revenue bonds of 2012, for construction of the Williston Area Recreation Center. Biannual installments of \$260,000 to \$1,665,000, plus interest, through March 1 2032; interest at 3.00% to 5.00%	\$ 35,485,000
\$11,325,000 sales tax and gross revenue bonds of 2017, for the partial refunding of the 2012 sales tax and gross revenue bonds. Biannual installments of \$240,000 to \$480,000, plus interest, through April 1 2032; interest of 4.5% to 6.25%	<u>9,605,000</u>
Total	<u>\$ 45,090,000</u>

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

<u>Year Ending December 31</u>	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,745,000	\$ 2,229,039
2022	2,850,000	1,987,739
2023	2,980,000	1,865,864
2024	3,115,000	1,744,764
2025	3,250,000	1,470,776
2026 - 2030	18,670,000	4,961,441
2031 - 2032	<u>11,480,000</u>	<u>1,287,181</u>
Total	<u>\$ 45,090,000</u>	<u>\$ 15,546,804</u>

The bonds payable contains certain covenants. The Park District was in compliance with all of these covenants as of or for the year ended December 31, 2020.

The Park District has pledged a portion of future sales tax revenues to repay \$48,405,000 in sales tax and gross revenue bonds issued in August 2012 to finance the construction of the new recreation center. The bonds are payable from half of the Park District sales tax receipts. Total principal and interest remaining on the bonds is \$43,769,701, payable through March 2032. For the current year, principal and interest paid and sales tax revenues were \$2,085,000, \$1,535,251, and \$4,210,620 respectively.

The Park District has pledged a portion of future park gross revenues to repay \$11,325,000 in sales tax and gross revenue bonds issued in July 2017 for the partial refunding of the 2012 sales tax and gross revenue bonds. The bonds are payable from park gross revenues, excluding any revenues from park sales taxes until the bonds issued under the 2012 indenture are repaid. Total principal and interest remaining on the bonds is \$13,789,369 payable through April 2032. For the current year, principal and interest paid were \$525,000 and \$581,750, respectively.

Note 7 - Restricted Net Position

Restricted net position for the year ended December 31, 2020 is as follows:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Debt Service	Contractual Agreement	\$ 16,418,465

Note 8 - Risk Management

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

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Williston Parks & Recreation District pays an annual premium to NDIRF for its general liability, auto, and public asset insurance coverage. The coverage by NDIRF is limited to losses of \$500,000 per occurrence for general liability and auto of \$300,000 for public asset coverage.

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

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

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

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

Note 9 - Pension Plan

Williston Parks & Recreation District contributes to a Nationwide Retirement Solutions government deferred compensation 457(b) retirement plan for its park district employees. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Park Board. The Park District contributes 9.2 percent of gross salaries for each participating employee. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. For the year ended December 31, 2020, employee contributions totaled \$69,543, and the Park District recognized pension expense of \$241,237.

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

The Park District had no liability to the Plan at December 31, 2020.

Note 10 - Subsequent Events

Effective March 1, 2021, the Park District applied \$5,700,000 of bond reserve funds to its outstanding sales tax and gross revenue bonds of 2012. The redemption of reserve funds was an available option to the Park District under the original bond indenture. The redemption moved the maturity date of the 2012 bonds from March 1, 2032 to September 1, 2031 and decreased the remaining anticipated future debt service requirements by \$8,206,500. Effective November 1, 2021, the Park District performed a partial redemption \$2,100,000 on the Sales Tax and Gross Revenue Bonds Series 2012A.

Note 11 - Restatement

In 2019, the Park District reported the Foundation’s activity in the general fund. For 2020, the financial statements were restated for the general fund and the governmental activities by \$150,462 and the component unit information was added. The following table details the restatement:

	General Fund	Government- Wide
Fund balance/Net position - December 31, 2019, as previously reported	\$ 4,574,731	\$ 46,444,229
Restatement Discretely presented component unit previously presented in the general fund and government-wide net position	(150,462)	(150,462)
Fund Balance/Net position as restated - December 31, 2019	\$ 4,424,269	\$ 46,293,767

The revenues over expenditures for the Foundation was \$55,931 for the year ended December 31, 2019.

Note 12 - Commitments

The State of North Dakota collects sales tax and remits to the City of Williston 2% of the sales tax collected within the City limits. The City then remits half of the amount collected to the Park District. Individuals and organizations that pay sales tax in excess of the amount allowable for certain purchases can apply for a refund from the State of North Dakota. The State of North Dakota then requests reimbursement for the sales tax overages collected and remitted to various local governments. As a result of the global pandemic, many oil related entities filed for a sales tax rebate. This impacted the Park District to a great degree. The Park District was assessed a \$2,804,798 assessment for the sales tax rebate. The Park District has approximately \$1.5 million to be paid on this sales tax rebate as of December 31, 2020. The Park District is making monthly payments of \$40,755 a month and has a balloon payment of \$647,481 on August 1, 2022.

The sales tax rebates can be filed to the state within three years from the date of purchase. The state has not indicated to the City of Williston and therefore the Park District, what is the estimated rebate will be for them as of December 31, 2020.

Note 13 - Going Concern

The Park District experienced significant financial impacts beginning in March 2020 due to COVID-19 pandemic. The Park District had to close all programs and facilities for 10 weeks. This caused a loss of revenues of over \$1 million. Another significant impact was the price of oil dropping significantly. This caused a drop in sales tax which is a significant revenue source. Sales tax revenue and charges for programs and facilities is about 90% of all revenue the Park District collects. In addition to the decrease of the above revenue items, the Park District also received a Sales Tax Rebate Credit from the State of North Dakota in the amount of \$2.8 million (See Note 12 for additional details). The Park District reduced staffing (both full-time and part-time), no staff raises, cut travel/educational budgets, cut all capital projects for 2021 and beyond, applied for grants/covid relief, cut the ARC cleaning contract, and several negotiated expense reductions including negotiating with the City of Williston for a repayment plan for the Sales Tax Credit Rebate.

The Park District is also working with the Bonding Company for any assistance on bonds. In 2021, the Park District had a redemption of \$5.7 million for the Sales Tax Bond (See Note 10 for additional details) and are working on one for \$1.0 million in November.

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

The Park District is also working on updating the 2022 budget and the City of Williston on the repayment plan (See Note 12 for additional details).



Supplementary Information
December 31, 2020

Williston Parks & Recreation District

Williston Parks & Recreation District
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2020

	2020			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 5,300,000	\$ 5,300,000	\$ 4,210,620	\$ (1,089,380)
Intergovernmental	335,303	335,303	408,911	73,608
Charges for services	3,187,233	3,187,233	2,475,537	(711,696)
Contributions	-	-	185,146	185,146
Mineral lease revenue	110,000	110,000	204,757	94,757
Miscellaneous	78,500	78,500	238,256	159,756
Interest Income	5,100	5,100	7,028	1,928
Total revenues	<u>9,016,136</u>	<u>9,016,136</u>	<u>7,730,255</u>	<u>(1,285,881)</u>
Expenditures				
Current				
Culture and recreation	7,403,016	7,403,016	7,158,124	244,892
Capital outlay	504,133	504,133	226,614	277,519
Sales tax credit rebate	-	-	1,277,017	(1,277,017)
Total expenditures	<u>7,907,149</u>	<u>7,907,149</u>	<u>8,661,755</u>	<u>(754,606)</u>
Excess of Revenues over Expenditures	<u>1,108,987</u>	<u>1,108,987</u>	<u>(931,500)</u>	<u>(2,040,487)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers in (out)	(1,104,697)	(1,104,697)	(878,934)	225,763
Total other financing uses	<u>(1,104,697)</u>	<u>(1,104,697)</u>	<u>(878,934)</u>	<u>225,763</u>
Net Change in Fund Balances	<u>4,290</u>	<u>4,290</u>	<u>(1,810,434)</u>	<u>(1,814,724)</u>
Fund Balance - January 1	<u>4,424,269</u>	<u>4,424,269</u>	<u>4,424,269</u>	<u>-</u>
Fund Balance December 31	<u>\$ 4,428,559</u>	<u>\$ 4,428,559</u>	<u>\$ 2,613,835</u>	<u>\$ (1,814,724)</u>

Note 1 - Stewardship, Compliance, and Accountability

Budgetary Information

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



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

Park Board
Williston Parks & Recreation District
Williston, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, and each major fund of Williston Parks & Recreation District, Williston, North Dakota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Williston Parks & Recreation District's basic financial statements and have issued our report thereon dated November 24, 2021. The statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Summary of Findings, Recommendations, and Park District Responses as items 2020-002, 2020-003, 2020-004, 2020-007, and 2020-008 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary of Findings, Recommendations, and Park District Responses as items 2020-001, 2020-005 and 2020-006 to be significant deficiencies.

Compliance and Other Matters

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

Williston Parks & Recreation District's Responses to Findings

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

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota
November 24, 2021

Current Audit Findings and Recommendations

2020-001 Segregation of Duties

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

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

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

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

Recommendation: While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the Park District. We also recommend cross-training employees so more than one employee could complete each function if necessary.

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

2020-002 Recording of Transactions

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

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

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

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

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

Management's Response: Management will make a greater effort to record some of these transactions. It is not cost-effective for an organization of our size to have staff prepare all adjustments needed for an audit-ready trial balance; we have chosen to hire Eide Bailly, a public accounting firm, to assist us in preparing these transactions.

2020-003 Preparation of Financial Statements and Footnotes

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

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

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

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

Recommendation: While we recognize that this condition is not unusual for an organization your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Park Board should continually be aware of the financial reporting of the Park District and changes in reporting requirements.

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

2020-004 Reconciliation and Recording of Transactions in Debt Service Fund

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

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

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

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

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

Management's Response: The Park District had sent a request to the Trustee to start getting monthly statements starting in June of 2013 and the bank had them set up for semi-annual statements to match the bond year (5/1 to 10/31 and 11/1 to 4/30) and an annual statement ending 12/31 to match the tax year. The Park District does not believe it is cost beneficial to change the reporting in the general ledger.

2020-005 Reconciliation of Services Provided

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

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

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

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

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

Management's Response: The Park District has implemented procedures and controls to be able to properly manage and reconcile all programs and revenues provided by those programs. In 2013, we started using the Rec Trac System, a new software that is specifically made for recreation districts/facilities that will enable us to be able to better track and reconcile all of our recreation programs and facilities, including the golf course going forward. As of December 31, 2020, we have not used this system to provide the reconciliation. The Park District does not believe it is cost beneficial to add the reconciliation of the Trac System to the general ledger.

2020-006 Review of Payroll Processing and Reconciliation

Condition: The Park District does not have an internal control system designed to review the payroll processing and the reconciliation of payroll.

Criteria: Proper controls include the review of the processing of payroll and the reconciliation.

Cause: The internal controls of the Park District does not include reviewing the payroll processing and the reconciliation.

Effect: Payroll could be recorded incorrectly or reconciled incorrectly.

Recommendation: We recommend the Park District implement procedures to review the processing and reconciliation of payroll.

Management's Response: The Park District has implemented procedures to review the payroll processing and reconciliation of payroll. The HR/Payroll manager currently prints the payroll report and reviews it prior to finalization of the payroll every 2 weeks. Moving forward, the HR/Payroll manager will have another management team member, review the payroll prior to finalizing the payroll every 2 weeks. The reconciliation of payroll is currently being done by a second management team member and the park district will continue this procedure to review it.

2020-007 Foundation Documentation

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

Criteria: Proper controls include documentation of all required approvals.

Cause: There was an invoice that lacked documentation that the disbursement was approved by the Foundation board.

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

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

Management's Response: The Foundation board will approve all cash disbursements at each of their meetings. When these cash disbursements are approved via email due to only meeting 3-4 times per year, all documentation will be kept, and each disbursement will be listed on the next monthly agenda and in the minutes as approved by the Foundation board.

2020-008 – Bank Reconciliation for the General Checking and Payroll

Condition: The Park District does not have an internal control system that ensures the bank reconciliation identifies differences from the balance on the bank statement to the balance to the general ledger for the payroll account and the general checking account.

Criteria: Proper controls include ensuring all timing differences identified in the bank reconciliation process are appropriately recorded or track.

Cause: From March 2021 to September 2021, the Park District was not able to generate a computer bank reconciliation as of December 31, 2020. The outstanding list was different on several reports generated. The outstanding list originally received included several checks and deposits that had been received by the bank.

Effect: Inadequate controls could adversely affect the Park District's ability to detect misstatements in a timely period by employees who would review the cash. The control deficiency could result in the improper safeguarding of assets.

Recommendation: We recommend the Park District implement procedures to follow up on timing differences between bank statement and general ledger to ensure items are accounted in the proper period. We further recommend that reconciliations are reviewed for any item that is shown on the reconciliation but has been deposited in the bank account (items shown as outstanding that should not be shown as outstanding).

Management's Response: Management of the Park Board will update the bank reconciliations to remove receipts and expenses that should not be listed as outstanding. Management will investigate receipts longer than 7 days and expenses longer that 90 days. The Park Districts checks now state that they are no longer valid after 90 days. Until all checks state the check is not valid after 90 days, management will request the bank not to honor any check older than 90 days.

The issue of not being able to do a bank reconciliation on December 2020, during 2021, Banyon Data Systems our financial software, does not have the capacity to rerun a bank reconciliation once the month is completed. Management attempted to rerun the bank reconciliation by performing a restore of the general ledger. This did not work, and much information was lost and had to be re-entered. To help these issues, the Park District has updated the server, but the server is missing a part which unfortunately is still causing issues with the software. The Park District is not presently in a position to purchase a new software system. We understand that there are software programs that will not cause us these issues and will look at making the change as soon as we can.

The Park District has been complying with the state of North Dakota's unclaimed property law. Some checks did not come off the bank reconciliation because the Park District has outstanding checks from prior to the current software system. This was remedied with a recent software update.