Financial Statements
December 31, 2025

Park District of the City of Fargo

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Name	Office	Term Expires
Vicki Dawson	President	June 2026
Jerry Rostad	Vice President	June 2028
Zoe Absey	Commissioner	June 2028
Joe Deutsch	Commissioner	June 2026
Aaron Hill	Commissioner	June 2026
Jeff Gunkelman	Clerk and Secretary	
Broc Lietz	Treasurer	
Susan Faus	Executive Director	

Independent Auditor's Report

To the Board of Park Commissioners
Park District of the City of Fargo
Fargo, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Park District of the City of Fargo ("the Park District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the Park District of the City of Fargo, as of December 31, 2025, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund 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* issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 the 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.

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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 the Park District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 management's discussion and analysis; schedule of employer's share of net OPEB liability and related ratios; schedule of changes in employer's total OPEB liability and related ratios; schedule of employer's share of net pension liability; and schedule of employer's contributions 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park District's basic financial statements. The Valley Senior Services modified accrual basis balance sheet, Valley Senior Services statement of revenues, expenditures and changes in fund balances - budget and actual, and schedule of gaming income and direct expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Valley Senior Services modified accrual basis balance sheet, Valley Senior Services statement of revenues, expenditures and changes in fund balances - budget and actual, and schedule of gaming income and direct expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2026, on our consideration of the 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 Park District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
July 1, 2026

This discussion and analysis presents the highlights of financial activities and financial position for the Park District of the City of Fargo ("the Park District"). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Park District.

Management's Discussion and Analysis (MD&A) focuses on current year activities and the resulting changes. Please read it in conjunction with the Park District's financial statements.

Financial Highlights

The Park District's governmental net position increased by $7,102,667 from multiple areas. The largest increase in revenues were related to capital grants and contributions for the construction of the Fargo Parks Sports Center.

Report Layout

The Park District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the Park District. The components of the report include the following:

Management's Discussion and Analysis - This section of the report provides financial highlights, overview and economic factors affecting the Park District.

Basic Financial Statements - Includes Statement of Net Position, Statement of Activities, fund financial statements and the notes to the financial statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Park District.

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns and deferred outflows of resources, the liabilities it owes and deferred inflows of resources, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

- The Statement of Activities focuses on gross and net costs of Park District programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The Park District's major governmental funds are presented in their own column. Budgetary comparison statements are presented for the General Fund.

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Park District's financial condition.

Required Supplementary Information - This is additional required disclosure of the funding progress of the Park District's OPEB liabilities in accordance with GASB Statement No. 75 and pension liabilities in accordance with GASB Statement No. 68.

Other Supplementary Information - Separate statements of net position and statements of revenues, expenses, and changes in net position are provided for readers desiring additional information on the Valley Senior Services, Fargo Park District Foundation and Valley Senior Services Foundation, which are discretely presented component units of the Park District. Additionally, the Fargo Park District Foundation began charitable gaming activity during 2025, and a schedule of gaming activity and direct expenses is provided for further information on the gaming activities.

Park District as A Whole

Statement of Net Position at December 31, 2025

During fiscal year 2025 the governmental activities net position increased by $7,102,667 as shown on Table 2. The increase is from capital grants and contributions. This net operating surplus is being held as a current asset.

Statement of Activities for the Year Ending December 31, 2025

The increase in net position as shown on the statement of activities, Table 2, is from revenues exceeding expenses. Revenues exceeded budgeted amounts due to increased contributions related to the Sports Center.

A portion of the year-end net position is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within the governmental activities category restrictions are for debt service reserves and capital projects reserves.

Table 1
Statement of Net Position
December 31, 2025
With Comparative Amounts for 2024

	Governmental Activities	
	2025	2024
Assets		
Current assets	$ 45,251,469	$ 51,401,958
Capital assets	255,166,886	250,499,666
Total assets	300,418,355	301,901,624
Deferred Outflows of Resources	3,798,289	5,601,409
Liabilities		
Current liabilities	5,214,184	12,968,543
Long-term liabilities	108,798,383	115,460,698
Total liabilities	114,012,567	128,429,241
Deferred Inflows of Resources	8,906,894	4,879,276
Net Position		
Net investment in capital assets	157,409,743	147,413,860
Restricted for debt service	25,969,131	26,279,302
Unrestricted	(2,081,691)	501,354
Total net position	$ 181,297,183	$ 174,194,516

Table 2
Statement of Activities
Year Ending December 31, 2025
With Comparative Amounts for 2024

	Governmental Activities	
	2025	2024
Revenues		
Program Revenues		
Charges for services	$ 14,662,848	$ 11,648,417
Operating grants and contributions	663,414	1,071,556
Capital grants and contributions	719,978	14,433,254
General Revenues		
Property taxes	28,305,130	24,372,611
Intergovernmental	4,099,605	4,063,581
Investment earnings	1,552,446	3,094,464
Gain on sale/disposal of capital assets	335,066	2,151,037
Total revenues	50,338,487	60,834,920
Expenses		
General government	7,756,672	7,367,966
Recreation	2,802,958	2,017,147
Recurring Events	1,022,180	842,660
Concessions	1,135,714	728,224
Golf	4,390,979	4,315,827
Facilities	4,394,281	1,572,111
Neighborhood parks	7,482,877	8,716,317
Swimming pools	1,394,449	779,501
Courts Plus	2,642,647	2,718,456
Sports Center	1,110,948	416,816
Maintenance	9,102,115	7,259,790
Total expenses	43,235,820	36,734,815
Change in Net Position	7,102,667	24,100,105
Beginning Net Position	174,194,516	150,094,411
Ending Net Position	$ 181,297,183	$ 174,194,516

Budgetary Highlights

The Park District's General Fund appropriations increased by approximately $19,640,000 from prior year. The increase in appropriations is from increased mill levy value and increased intergovernmental revenue. Actual General Fund revenues were lower than budget by $220,951 and General Fund expenditures were lower than budget by $702,079.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2025 the Park District has invested $255,166,886 in capital assets, net of accumulated depreciation, as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of $4,667,220.

Table 3
Capital Assets at December 31, 2025 and 2024
(Net of Depreciation/Amortization)

	Governmental Activities	
	2025	2024
Land	$ 32,056,663	$ 32,056,663
Construction in Progress	1,947,390	135,975,385
Buildings	173,393,471	39,207,447
Improvements Other Than Buildings	37,774,924	35,764,950
Machinery and Equipment	9,614,060	7,219,434
Right-to-Use Leased Assets	120,914	196,737
Right-to-Use Subscription IT Assets	259,464	79,050
Total	$ 255,166,886	$ 250,499,666

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for construction in progress being placed into service and disposition of assets and depreciation.

Changes	Governmental Activities
Construction in Progress	$(134,027,995)
Buildings	134,186,024
Improvements Other Than Buildings	2,009,974
Machinery and Equipment	2,394,626
Right-to-Use Leased Assets	(75,823)
Right-to-Use Subscription IT Assets	180,414
Total	$ 4,667,220

Table 4
Change in Capital Assets

	Governmental Activities
Beginning Balance	$ 250,499,666
Additions	12,543,437
Retirement	(132,277)
Depreciation	(7,743,940)
Ending Balance	$ 255,166,886

Assets from governmental activities increased by $4,667,220. Annual depreciation/amortization of $7,743,940 decreased net capital assets. The majority of the capital asset additions were related to the Fargo Parks Sports Center project, which broke ground during 2022. For more detailed information on the Park District's capital assets refer to Note 6 of the notes to financial statements.

Debt Outstanding

As of year-end, the Park District had $99,338,622 in debt outstanding compared to $104,493,805 last year. The decrease was due to continued scheduled payments on outstanding debt. Of the outstanding debt at December 31, 2025, $7,950,327 is due within one year.

	Totals	
	2025	2024
Governmental Activities		
Notes payable	$ 1,435,000	$ 1,500,000
Financed purchases payable	1,263,390	1,611,809
Leases payable	123,343	186,182
Subscription IT liabilities	189,498	42,888
General obligation and refunding improvement bonds	77,395,455	81,550,000
Unamortized bond premium	5,220,859	5,536,236
Special assessments	12,129,598	12,658,691
Compensated absences	1,581,479	1,407,999
	$ 99,338,622	$ 104,493,805

For more detailed information on the Park District's debt and amortization terms refer to Note 9 of the notes to financial statements.

Request for Information

This financial report is designed to provide a general overview of the Park District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 6100 38th St. S, Fargo, ND 58104 or visit the Park District's web site at www.fargoparks.com.

	Primary Government Governmental Activities	Discretely Presented Component Units
Assets		
Cash and investments	$ 29,607,731	$ 11,676,259
Delinquent property taxes receivable	418,562	-
Special assessments receivable	9,393,963	-
Accounts receivable	786,855	852,913
Pledges receivable	-	9,738,799
Prepaid items	5,558	-
Inventories	149,312	-
Leases receivable	4,889,488	5,437,597
	45,251,469	27,705,568
Capital assets (net of accumulated depreciation/ amortization where applicable):		
Land	32,056,663	-
Construction in progress	1,947,390	-
Buildings	173,393,471	541,292
Improvements other than buildings	37,774,924	-
Machinery and equipment	9,614,060	634,956
Right-to-use leased assets	120,914	30,619
Right-to-use subscription IT assets	259,464	-
	255,166,886	1,206,867
Total assets	300,418,355	28,912,435
Deferred Outflows of Resources		
Pension plans	3,696,957	-
OPEB	101,332	10,680
Total deferred outflows of resources	3,798,289	10,680

	Primary Government Governmental Activities	Discretely Presented Component Units
Liabilities		
Accounts payable	3,125,558	350,440
Retainage payable	400,945	-
Accrued interest payable	568,988	-
Accrued payroll	670,809	157,994
Claims incurred but not reported	212,308	-
Unearned revenue	235,576	-
Unearned revenue - pledges	-	9,139,191
Long-term liabilities		
Due in less than one year - other than OPEB and pensions	7,950,327	2,493,602
Due in more than one year - other than OPEB and pensions	91,388,295	5,950,351
Due in more than one year - OPEB	821,810	110,204
Due in more than one year - pensions	8,637,951	-
Total liabilities	114,012,567	18,201,782
Deferred Inflows of Resources		
Pension plans	3,747,701	-
OPEB	343,236	47,053
Leases	4,815,957	9,553,718
Total deferred inflows of resources	8,906,894	9,600,771
Net Position		
Net investment in capital assets	157,409,743	1,175,233
Restricted for:		
Debt service	25,969,131	-
Fargo Parks Sports Center	-	3,174,807
Island Park pool	-	75,000
Senior services	-	7,986,256
Unrestricted	(2,081,691)	(11,290,734)
Total net position	$ 181,297,183	$ 1,120,562

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Discretely Presented Component Units
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities						
General government	$ 7,756,672	$ 1,250,608	$ 218,229	$ -	$ (6,287,835)	$ -
Recreation	2,802,958	669,561	5,000	-	(2,128,397)	-
Major events	-	-	2,500	-	2,500	-
Recurring Events	1,022,180	98,515	58,351	-	(865,314)	-
Concessions	1,135,714	972,444	15,000	-	(148,270)	-
Golf	4,390,979	5,235,129	36,505	-	880,655	-
Facilities	4,394,281	481,267	-	245,060	(3,667,954)	-
Neighborhood parks	7,482,877	367,086	5,330	474,918	(6,635,543)	-
Swimming pools	1,394,449	848,886	13,300	-	(532,263)	-
Courts Plus	2,642,647	2,600,190	27,755	-	(14,702)	-
Sports Center	1,110,948	1,866,206	170,072	-	925,330	-
Maintenance	9,102,115	272,956	111,372	-	(8,717,787)	-
Total governmental activities	43,235,820	14,662,848	663,414	719,978	(27,189,580)	-
Component Units						
Valley Senior Services	7,232,027	869,719	46,355	-	-	(6,315,953)
Fargo Park District Foundation	1,095,341	525,425	5	2,403,299	-	1,833,388
Valley Senior Services Foundation	11,964	-	101,622	-	-	89,658
Total component units	$ 8,339,332	$ 1,395,144	$ 147,982	$ 2,403,299	-	(4,392,907)
General Revenues and Transfers						
Property taxes					28,305,130	2,253,030
Intergovernmental					4,099,605	5,045,055
Investment earnings					1,552,446	282,738
Gain on sale/disposal of capital assets					335,066	-
Total general revenues					34,292,247	7,580,823
Change in Net Position					7,102,667	3,187,916
Net Position - Beginning					174,194,516	(2,067,354)
Net Position - Ending					$ 181,297,183	$ 1,120,562

	General	Debt Service	Capital Projects	Total
Assets				
Cash and investments	$ 11,209,617	$ 16,543,111	$ 1,855,003	$ 29,607,731
Delinquent property taxes receivable	299,932	118,630	-	418,562
Special assessments receivable	-	9,393,963	-	9,393,963
Accounts receivable	786,855	-	-	786,855
Prepaid items	5,558	-	-	5,558
Inventories	149,312	-	-	149,312
Leases receivable	4,889,488	-	-	4,889,488
Total assets	$ 17,340,762	$ 26,055,704	$ 1,855,003	$ 45,251,469
Liabilities				
Accounts payable	$ 1,610,962	$ -	$ 1,514,596	$ 3,125,558
Retainage payable	60,538	-	340,407	400,945
Accrued payroll	670,809	-	-	670,809
Claims incurred but not reported	212,308	-	-	212,308
Unearned revenue	235,576	-	-	235,576
Total liabilities	2,790,193	-	1,855,003	4,645,196
Deferred Inflows of Resources				
Unavailable revenue - property taxes	218,883	86,573	-	305,456
Unavailable revenue - special assessments	-	9,393,963	-	9,393,963
Lease related	4,815,957	-	-	4,815,957
Total deferred inflows of resources	5,034,840	9,480,536	-	14,515,376
Fund Balance				
Nonspendable				
Prepaid items	5,558	-	-	5,558
Inventories	149,312	-	-	149,312
Restricted for				
Debt service	-	16,575,168	-	16,575,168
Island Park	47,765	-	-	47,765
Assigned for				
Insurance	43,899	-	-	43,899
Medical insurance	382,895	-	-	382,895
Unassigned	8,886,300	-	-	8,886,300
Total fund balance	9,515,729	16,575,168	-	26,090,897
Total liabilities, deferred inflows of resources, and fund balance	$ 17,340,762	$ 26,055,704	$ 1,855,003	$ 45,251,469

Total Fund Balances - Governmental Funds		$ 26,090,897
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 therefore are not reported as assets in governmental funds.		255,166,886
Compensated absences payable are not due and payable in the current period therefore are not reported as liabilities in the funds.		(1,581,479)
Accrued interest payable for long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(568,988)
Property taxes and specials are not considered available for current financial resources and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the levy has been certified.		9,699,419
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		(292,648)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of :		
Bonds, notes, financed purchases, leases, subscriptions, and special assessments payable	$ (92,536,284)	
Unamortized bond premium	(5,220,859)	
Net pension liability	(8,637,951)	
Other post employment benefits payable	(821,810)	
		(107,216,904)
Total Net Position - Governmental Activities		$ 181,297,183

	General	Debt Service	Capital Projects	Total
Revenues				
Taxes	$ 20,350,984	$ 8,639,471	$ -	$ 28,990,455
Special assessment collections	-	1,912,456	-	1,912,456
Intergovernmental revenue	4,210,977	-	-	4,210,977
Charges for services and contributions	14,393,604	-	-	14,393,604
Interest	1,552,446	-	-	1,552,446
Grants, trusts and donations	237,916	-	226,054	463,970
Other	578,282	88	24,006	602,376
Total revenues	41,324,209	10,552,015	250,060	52,126,284
Expenditures				
Current				
Wages and salaries	19,281,737	-	-	19,281,737
Other	12,727,262	112,026	-	12,839,288
Capital outlay	6,547,990	-	5,995,447	12,543,437
Other expenditures	27,755	-	-	27,755
Special assessment additions	-	685,324	-	685,324
Debt service				
Principal	517,666	5,433,962	-	5,951,628
Interest and fiscal charges	55,671	3,824,404	-	3,880,075
Total expenditures	39,158,081	10,055,716	5,995,447	55,209,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,166,128	496,299	(5,745,387)	(3,082,960)
Other Financing Sources (Uses)				
Proceeds from subscription IT assets	253,018	-	-	253,018
Special assessments financed	-	685,324	-	685,324
Sale of capital assets	335,066	-	-	335,066
Transfers	(13,718,947)	-	13,718,947	-
Total other financing sources (uses)	(13,130,863)	685,324	13,718,947	1,273,408
Net Change in Fund Balances	(10,964,735)	1,181,623	7,973,560	(1,809,552)
Fund Balances, Beginning of Year	20,480,464	15,393,545	(7,973,560)	27,900,449
Fund Balances, End of Year	$ 9,515,729	$ 16,575,168	$ -	$ 26,090,897

Net Change in Fund Balances - Total Governmental Funds		$ (1,809,552)
Amounts Reported for Governmental Activities in the Statement of Activities are Different because		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period these amounts are:		
Capital outlay		12,543,437
Depreciation/amortization expense		(7,743,940)
The net effect of the disposal of capital assets is to decrease net position.		(132,277)
Property taxes and specials are not considered available for current financial resources and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the levy has been certified.		
Current period balance	$ 9,699,419	
Prior period balance	(11,136,957)	
Current year effect		(1,437,538)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid).		
Current period balance	(1,581,479)	
Prior period balance	1,407,999	
Current year effect		(173,480)
Interest payable is reported in the government wide statements of net position but is not recorded in the governmental funds.		
Current period balance	(568,988)	
Prior period balance	603,991	
Current year effect		35,003
In the statement of activities OPEB liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
Current period balance	(1,063,714)	
Prior period balance	1,075,256	
Current year effect		11,542
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.		
Current period balance	(8,688,695)	
Prior period balance	9,169,504	
Current year effect		480,809
Debt proceeds are recognized as revenue in the governmental funds but not on the statement of net position. In the current period these amounts consist of:		
Subscription proceeds		(253,018)
Special assessments financed		(685,324)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the statement of net position. In the current current period these amounts consist of:		
Principal retirement on bonds, notes, leases, and special assessments		5,951,628
Amortization of bond discount		315,377
Change in Net Position of Governmental Activities		$ 7,102,667

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	$ 20,266,075	$ 20,266,075	$ 20,350,984	$ 84,909
Intergovernmental revenue	4,104,779	4,104,779	4,210,977	106,198
Charges for services and contributions	15,902,342	15,902,342	14,393,604	(1,508,738)
Interest	657,652	657,652	1,552,446	894,794
Grants, trusts and donations	159,012	159,012	237,916	78,904
Other	455,300	455,300	578,282	122,982
Total revenues	41,545,160	41,545,160	41,324,209	(220,951)
Expenditures				
Current				
Wages and salaries	21,342,666	21,342,666	19,281,737	2,060,929
Other	11,447,335	11,447,335	12,727,262	(1,279,927)
Capital outlay	6,680,850	6,680,850	6,547,990	132,860
Other expenditures	-	-	27,755	(27,755)
Debt service				
Principal	348,419	348,419	517,666	(169,247)
Interest and fiscal charges	40,890	40,890	55,671	(14,781)
Total expenditures	39,860,160	39,860,160	39,158,081	702,079
Excess of Revenues over Expenditures	1,685,000	1,685,000	2,166,128	481,128
Other Financing Sources (Uses)				
Proceeds from note payable	(50,000)	(50,000)	-	50,000
Proceeds from subscription IT	50,000	50,000	253,018	203,018
Sale of capital assets	75,000	75,000	335,066	260,066
Transfers out	(1,760,000)	(1,760,000)	(13,718,947)	(11,958,947)
Total other financing sources (uses)	(1,685,000)	(1,685,000)	(13,130,863)	(11,445,863)
Net Change in Fund Balances	$ -	$ -	(10,964,735)	$ (10,964,735)
Fund Balance, Beginning of Year			20,480,464	
Fund Balance, End of Year			$ 9,515,729	

	Valley Senior Services	Fargo Park District Foundation	Valley Senior Services Foundation	Total
Assets				
Cash and investments	$ 6,449,997	$ 3,738,871	$ 1,487,391	$ 11,676,259
Accounts receivable	852,913	-	-	852,913
Pledges receivable	-	9,738,799	-	9,738,799
Leases receivable	-	5,437,597	-	5,437,597
	7,302,910	18,915,267	1,487,391	27,705,568
Capital assets (net of accumulated depreciation/ amortization where applicable):				
Buildings	541,292	-	-	541,292
Machinery and equipment	634,956	-	-	634,956
Right-to-use leased assets	30,619	-	-	30,619
	1,206,867	-	-	1,206,867
Total assets	8,509,777	18,915,267	1,487,391	28,912,435
Deferred Outflows of Resources				
OPEB	10,680	-	-	10,680
Liabilities				
Accounts payable	237,449	112,797	194	350,440
Accrued payroll	147,082	10,912	-	157,994
Unearned revenue - pledges	-	9,139,191	-	9,139,191
Long-term liabilities				
Due in less than one year - other than OPEB	290,127	2,203,475	-	2,493,602
Due in more than one year - other than OPEB	14,250	5,936,101	-	5,950,351
Due in more than one year - OPEB	110,204	-	-	110,204
Total liabilities	799,112	17,402,476	194	18,201,782
Deferred Inflows of Resources				
OPEB	47,053	-	-	47,053
Leases	-	9,553,718	-	9,553,718
Total deferred inflows of resources	47,053	9,553,718	-	9,600,771
Net Position				
Net investment in capital assets	1,175,233	-	-	1,175,233
Restricted for:				
Island Park pool	-	75,000	-	75,000
Fargo Parks Sports Center	-	3,174,807	-	3,174,807
Senior services	6,499,059	-	1,487,197	7,986,256
Unrestricted	-	(11,290,734)	-	(11,290,734)
Total net position	$ 7,674,292	$ (8,040,927)	$ 1,487,197	$ 1,120,562

	Valley Senior Services	Fargo Park District Foundation	Valley Senior Services Foundation	Total
Operating Revenues				
Taxes	$ 2,253,030	$ -	$ -	$ 2,253,030
Intergovernmental revenue	4,768,285	276,770	-	5,045,055
Charges for services	869,719	-	-	869,719
Investment earnings	223,780	9,149	49,809	282,738
Grants, trusts and donations	20,835	2,403,299	101,622	2,525,756
Gaming (net of prize payouts)	-	525,425	-	525,425
Other	25,520	5	-	25,525
Total operating revenues	8,161,169	3,214,648	151,431	11,527,248
Operating Expenses				
Wages and salaries	3,923,832	409,602	-	4,333,434
Gaming and concessions	-	364,462	-	364,462
Depreciation/amortization	286,570	-	-	286,570
Fargo Park District Support	-	253,809	-	253,809
Other	3,015,683	67,468	11,964	3,095,115
Total operating expenses	7,226,085	1,095,341	11,964	8,333,390
Operating Income	935,084	2,119,307	139,467	3,193,858
Nonoperating Expenses				
Loss on disposal of capital assets	(5,942)	-	-	(5,942)
Change in Net Position	929,142	2,119,307	139,467	3,187,916
Total Net Position, Beginning	6,745,150	(10,160,234)	1,347,730	(2,067,354)
Total Net Position, End of Year	$ 7,674,292	$ (8,040,927)	$ 1,487,197	$ 1,120,562

Note 1 - Purpose and Administration

The Park District of the City of Fargo (the "Park District") was created by resolution of the Board of Commissioners of the City of Fargo, Article 19-01 of the Revised Ordinance of 1965. The resolution accepts the provisions, benefits and all amendments of Sections 40-49-02 through 40-49-18, both inclusive, of the North Dakota Century Code. Accordingly, the Park District of the City of Fargo consists of a five-member board elected at regular municipal elections. It is empowered to exercise all powers relative to the operation, maintenance and management of sites or areas devoted to use and accommodation of the public. Such powers include the right to acquire property, construct or improve park property, pass ordinances necessary and requisite to carry into effect the powers granted to the Park Board Commissioners, issue negotiable bonds and borrow money to defray expenses.

Note 2 - Summary of Significant Accounting Policies

Reporting Entity

For financial reporting purposes, the Park District's financial statements include all funds over which the Park Board exercises oversight responsibility. This includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Component units are legally separate organizations for which elected officials of the primary government are financially accountable. The Park District may be financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. able to impose its will on that organization or
2. there is potential for the organization to provide specific financial benefits to or impose financial burdens on the Park District. The Park District may be financially accountable if an organization is fiscally dependent on the Park District.

Based upon the above criteria, the financial statements of Valley Senior Services, Fargo Park District Foundation, and Valley Senior Service Foundation are discretely presented in the accompanying financial statements. Separate financial statements are not issued for these entities. The Park District is not includable as a component unit within another reporting entity.

Valley Senior Services - The Park District is accountable for fiscal matters of Valley Senior Services and designates management of the commission. Valley Senior Services provides services to senior citizens throughout the Red River Valley through a variety of different ways: delivering daily hot meals through Meals On Wheels, finding a sense of community and fostering new friendships at local senior centers, getting to and from appointments with transportation services, connecting seniors with supportive resources, and much more.

Fargo Park District Foundation - The Fargo Park District Foundation is a 501(c)(3) entity having separate legal standing from the Park District. The mission of the Foundation is to enhance the quality of life in the metro area through the development of modernized facilities, new programs and by offering great opportunities for all in the community. The Park District appoints two members of the organization's governing board, a minority amount of the total amount of board members, and there is no fiscal dependence by the organization on the Park District. The Park District provides administrative services to the organization and does not charge for this assistance. One of the undertakings of the Foundation is to be the fundraising entity for the Fargo Parks Sports Center, which is owned and operated by the Park District. The Foundation does not meet the specific financial accountability criteria to be included as a component unit. However, management of the Park District, in their judgment, determined that it would be a benefit to the readers of the financial statements of the Park District to include the Foundation as a discretely presented component unit.

Valley Senior Services Foundation - The Valley Senior Services Foundation is a 501(c)(3) entity having separate legal standing from the discretely presented component unit of the Park District, Valley Senior Services. Valley Senior Services appoints two members of the organization's governing board, a minority amount of the total amount of board members, and there is no fiscal dependence by the organization on Valley Senior Services. The Park District and Valley Senior Services provide administrative services to the organization and do not charge for this assistance. The Foundation does not meet the specific financial accountability criteria to be included as a component unit. However, management of the Park District, in their judgment, determined that it would be a benefit to the readers of the financial statements of the Park District to include the Foundation as a discretely presented component unit.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the government. Generally, the effect of interfund activity has been removed from these statements.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Tax and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are prepared for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The accounts of the Park District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounts for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Gaming revenues are recognized upon the satisfaction of the performance obligation to honor the outcome of the game played, which occurs at a point in time.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Park District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, permits, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual the major revenues that are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are collected in 60 days. All other revenue items are considered to be measurable and available only when the Park District receives cash.

The Park District reports the following major governmental funds:

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

Debt Service Fund - The debt service fund is used to account for annual payments of principal and interest on long-term general obligation debt.

Capital Projects Fund - The capital projects fund is used to account for financial resources used for the construction of major capital assets.

When resources from more than one category are available for use, it is the Park District’s policy to use restricted resources first, then committed, then assigned, and lastly, unrestricted resources as they are needed.

Other Significant Accounting Policies

Budgets

The Park District follows these procedures in establishing the budgetary data reflected in the financial statements:

- At the August board meeting, the Finance Director submits to the Board of Park Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- The final budget must be adopted on or before October 7 and submitted to the county by October 10.

- Budgets are prepared on a basis which is not materially different from the modified accrual (GAAP) basis.

- The legal level of control is at the fund level.

- Formal budgetary integration is employed as a management control device during the period for the general fund and Valley Senior Services.

Cash and Investments

Cash balances from all funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

The Park District considers cash equivalents to be certificates of deposit, money market funds, and other highly liquid investments with original maturities of three months or less.

Accounts Receivables and Credit Policy

Accounts receivables are uncollateralized customer obligations due under normal terms requiring payment within 30 days from the invoice date. No allowance for uncollectible accounts has been recorded. After 30 days uncollected receivables are notified, that services will no longer be provided for payment of delinquencies.

Should payment not be received after 180 days the account balance is turned over to a collection agency. The only receivables expected to be collected within one year are property taxes.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Until conditional promises to give are recognized as revenue, the amounts are reported a liability using the terminology “donations received in advance.” When considered necessary, an allowance is recorded based on management’s estimate of collectability including such factors as prior collection history, type of contribution, and the nature of fund-raising activity. Management determined no allowance was necessary as of December 31, 2025.

Prepaid Items

Certain cash payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

The costs of inventory items are recognized as expenditures in governmental funds when used. The inventories are presented on an average cost basis.

Lease Receivables

Lease receivables are recorded by the Park District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Park District charges the lessee and are recorded solely within the discretely presented component units.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The Park District maintains a threshold level of $5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Park District, no salvage value is taken into consideration for depreciation purposes.

Land is not depreciated. Useful lives vary as follows:

Assets	Years
Buildings	10-50
Improvements other than building	10-20
Vehicles	3-10
Equipment	5-10
Office equipment	5-10
Computer equipment	3-10

Right to use leased assets are recognized at the lease commencement date and represent the Park District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 7 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Park District's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Pensions

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 Systems (NDPERS) and the City of Fargo Employees' Pension Plan and additions to/deductions from NDPERS and the City of Fargo Employees' Pension Plan's fiduciary net position have been determined on the same basis as they are reported by NDPERS and the City of Fargo Employees' Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

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.

Under the provisions of the various employee contracts the Park District provides access to health coverage until age 65 if certain criteria are met. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75, at December 31, 2025.

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. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Park District has two items that qualify for reporting in this category. They are the contributions made to pension plans and other postemployment benefits after the measurement date and prior to the fiscal year-end, changes in the net pension liability not included in pension expense reported in the government-wide statement of net position and changes in the net OPEB liability not included in other postemployment expense reported in the government-wide statement of net position.

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 assets that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Park District has four types of items that qualify for reporting in this category. The Park District reports unavailable revenues from property taxes and special assessments on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows related to leases where the Park District is the lessor are reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The other items are changes in the net position liability and other postemployment benefits liability not included in pension expense and OPEB expense reported on the government-wide statement of net position.

Compensated Absences

The Park District recognizes liabilities for compensated absences for leave that has not been used when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. The liability is measured using employee pay rates in effect at year-end and includes applicable salary-related payments that are directly and incrementally associated with the leave. Vacation leave is accrued based on accumulated earned leave expected to be used or paid. Sick leave is evaluated based on the Park District’s policies and historical usage patterns to determine the amount, if any, that is more likely than not to be used or otherwise settled.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the related bond issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the Park District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Park District.

Subscription liabilities represent the Park District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments are discounted based on a borrowing rate determined by the Park District.

Fund Balance

The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Park District itself, using its highest level of decision-making authority (i.e., Board of Park Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance - amounts the Park District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Park Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows in the Park District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Gaming Taxes

The state of North Dakota assesses a tax on gaming adjusted gross proceeds. Gaming taxes are recorded when gaming revenue is recognized.

Adoption of New Accounting Standard

As of January 1, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was no effect of the implementation of this standard on disclosures during the year.

Note 3 - Cash and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to the Park District. State statutes require that insurance, surety bonds or collateral protect all Park District deposits. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged).

Investments

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

Cash and investments of the Park District (including the Component Units) at December 31, 2025, are as follows:

	Carrying Value	
Primary Government		
Cash		
Petty cash	$ 11,750	
Demand Deposits and Negotiated Savings	9,946,022	$ 9,957,772
Investments		
Certificates of Deposit	12,000,000	
US Government Obligations	7,649,959	19,649,959
Total primary government		29,607,731
Component Units		
Cash		
Petty cash	150	
Demand deposits	10,205,157	10,205,307
Investments		
Certificates of Deposit	1,340,055	
US Government Obligations	130,897	1,470,952
Total component units		11,676,259
Total		$ 41,283,990

Interest Rate Risk

The Park District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

North Dakota Century Code limits the type of investments that can be purchased by the Park District. The investment must have pledged collateral or be backed by the Federal Government. Examples would be U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Strips, etc.

The Park District can enter into short and long-term investments. A short term will be defined as investments with a maturity of less than eighteen months. A long term will be defined as investments with a term in excess of eighteen months. All long-term investments will require approval by the Finance Committee prior to purchasing the investment. The Director of Finance is responsible for selecting and purchasing short term investments.

The following table summarizes the investment maturities of the investments of the Park District and its Component Units.

Investment Type	Fair Value	Maturities (in Years) < 1	Maturities (in Years) 1 - 5
Primary Government			
Certificates of Deposit	$ 12,000,000	$ 12,000,000	$ -
US Government Obligations	7,649,959	7,649,959	-
Total Primary Government	$ 19,649,959	$ 19,649,959	$ -
Component Unit			
Certificates of Deposit	$ 1,340,055	$ 652,245	$ 687,810
Equities	68,941	68,941	-
Fixed income	34,745	34,745	-
Money markets	27,211	27,211	
	$ 1,470,952	$ 783,142	$ 687,810

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As outlined above, Park District policy limits the type of investments allowed to reduce the amount of credit risk to the portfolio.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Park District has no policy limiting the amount that can be invested in any one issuer. The Park District maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2025, the Park District had approximately $12,343,000, in excess of FDIC-insured limits, which were covered by insurance or collateral pledged and held in the Park District's name.

Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Park District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level - Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the assets measure at fair value on a recurring basis at December 31, 2025:

Investment Type	Total	Level 1	Level 2	Level 3
Primary Government				
Certificates of Deposit	$ 12,000,000	$ 12,000,000	$ -	$ -
US Government Obligations	7,649,959	7,649,959	-	-
Total Primary Government	$ 19,649,959	$ 19,649,959	$ -	$ -
Component Unit				
Certificates of Deposit	$ 1,340,055	$ 1,340,055	$ -	$ -
Equities	68,941	-	68,941	-
Fixed income	34,745	-	34,745	-
Money markets	27,211	27,211	-	-
	$ 1,470,952	$ 1,367,266	$ 103,686	$ -

U.S. Government and Agency securities, money market mutual funds, and certificates of deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for these securities. Corporate bonds, municipal bonds, corporate commercial paper, bond and equity mutual funds classified in Level 2 of the fair value hierarchy are valued using techniques such as quoted prices for similar investments in active and inactive markets as well as inputs other than quoted prices that are observable for these assets.

Note 4 - Property Taxes

All real estate is assessed on the current value as of February 1 of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date.

A five percent reduction of the taxes is allowed if the taxes are paid in full by February 15. Penalty and interest are added on March 1, if the first half of the taxes is not paid. Additional penalty and interest are added October 15 to those taxes which are not paid.

Taxes are collected by the Cass County Treasurer and remitted to the Park District on a monthly basis by the Cass County Auditor.

Note 5 - Pledges Receivable

Pledges receivable consist of promises to give from individuals, businesses, and private foundations. These donations are restricted for the construction of the Fargo Parks Sports Center, which began construction in 2022 and went into service in January 2025, donations are reported on the financial statements of the Fargo Park District Foundation, a discretely presented component unit. At December 31, 2025, total pledges committed and received are as follows:

Pledges		
Cash	$ 14,513,500	
In-kind	8,055,800	
		$ 22,569,300
Less: Cash and In-Kind Pledges Received Through December 31, 2025		(12,830,501)
Outstanding Commitments/Pledges Receivable at December 31, 2025		$ 9,738,799

Revenue is recognized on these pledges when all eligibility requirements are met, provided that the promise is verifiable and the resources are measurable and probability of collection. Certain pledges have purpose restrictions and/or time requirements and in those instances, the pledge amounts are reported as donations received in advance. As of and for the year ended December 31, 2025, the following is the recognition of the pledges receivable on the financial statements of the Fargo Park District Foundation:

Total Pledges	$ 22,569,300
Revenue Recognized Through December 31, 2025	(13,430,109)
Unearned Revenue Related to Pledges as of December 31, 2025	$ 9,139,191

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2025 is as follows:

	Balance January 1, 2025	Increases and Transfers	Decreases and Transfers	Balance December 31, 2025
Governmental Activities				
Capital assets, not being depreciated/amortized				
Land	$ 32,056,663	$ -	$ -	$ 32,056,663
Construction in progress	135,975,385	9,321,653	143,349,648	1,947,390
Capital assets, not being depreciated/amortized	168,032,048	9,321,653	143,349,648	34,004,053
Capital assets, being depreciated/amortized				
Buildings	70,877,276	138,606,332	820,000	208,663,608
Improvements other than buildings	52,354,945	3,827,738	-	56,182,683
Machinery and equipment	19,743,357	3,884,344	603,272	23,024,429
Right-to-use lease assets	355,032	-	-	355,032
Right-to-use subscription IT assets	153,649	253,018	-	406,667
Capital assets, being depreciated/amortized	143,484,259	146,571,432	1,423,272	288,632,419
Less accumulated depreciation/amortization for				
Buildings	31,669,829	4,420,308	820,000	35,270,137
Improvements other than buildings	16,589,995	1,817,764	-	18,407,759
Machinery and equipment	12,523,923	1,357,441	470,995	13,410,369
Right-to-use lease assets	158,295	75,823	-	234,118
Right-to-use subscription IT assets	74,599	72,604	-	147,203
Accumulated depreciation/amortization	61,016,641	7,743,940	1,290,995	67,469,586
Net capital assets, depreciated/amortized	82,467,618	138,827,492	132,277	221,162,833
Total capital assets, net	$ 250,499,666	$ 148,149,145	$ 143,481,925	$ 255,166,886

Depreciation/amortization expense for the year ended December 31, 2025 was charged to the following functions/programs:

Governmental Activities	
General government	$ 14,752
Recreation	6,769
Concessions	9,582
Golf	918,621
Facilities	3,308,375
Neighborhood parks	1,741,915
Swimming pools	501,126
Courts Plus	316,475
Maintenance	926,325
Total depreciation/amortization expense - governmental activities	$ 7,743,940

Capital asset activity for the Valley Senior Services (Component Unit) for year ended December 31, 2025 is as follows:

	Balance January 1, 2025,	Increases and Transfers	Decreases and Transfers	Balance December 31, 2025
Component Unit - Valley Senior Services				
Capital assets, being depreciated/amortized				
Buildings	$ 1,383,119	$ -	$ -	$ 1,383,119
Machinery and equipment	1,334,332	366,695	98,430	1,602,597
Right-to-use lease assets	241,860	23,921	-	265,781
Capital assets, being depreciated/amortized	2,959,311	390,616	98,430	3,251,497
Less accumulated depreciation/amortization for				
Buildings	779,906	61,921	-	841,827
Machinery and equipment	903,732	156,397	92,488	967,641
Right-to-use lease assets	166,910	68,252	-	235,162
Accumulated depreciation/amortization	1,850,548	286,570	92,488	2,044,630
Total capital assets, net	$ 1,108,763	$ 104,046	$ 5,942	$ 1,206,867

Note 7 - Leases

Lessor Activities

The Park District has accrued a receivable for dedicated turf and court use at the Sports Complex. The remaining receivable for the lease was $4,889,488 at December 31, 2025. Deferred inflows related to the lease were $4,815,957 at December 31, 2025. Interest revenue recognized on this lease was $170,702 for the year ended December 31, 2025. Principal receipts of $179,928 were recognized during the fiscal year. The interest rate on the lease was 3.41%.

The Park District has also entered into a lease for restaurant space. The agreement calls for payments that are completely variable and therefore was not included in lease receivable or deferred inflow of resources for leases. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales. A total of $45,747 was recognized as revenue from these variable payments for the year ended December 31, 2025.

The Fargo Park District Foundation, a component unit of the Park District, has accrued receivables for signage and naming rights to various components of the Fargo Parks Sports Center. The remaining receivable for these leases was $5,437,597 for the year ended December 31, 2025. Deferred inflows related to this lease were $9,553,718 as of December 31, 2025. Interest revenue recognized on these leases was $146,092 for the year ended December 31, 2025. Principal receipts of $1,132,169 were recognized during the fiscal year. The interest rate on the lease was 2.64%. Final receipt is expected in fiscal year 2032.

Lessee Activities

The Park District has entered into lease agreements for equipment, office equipment, land, and a building. The Park District is required to make principal and interest payments through 2028. The lease liability was valued using a discount rate of 2.64%, based on the District's incremental borrowing rate at the inception of the leases. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was $355,032 and $234,118, as of December 31, 2025, respectively. The Park District recognized amortization expense of $75,823 and interest expense of $4,263 related to leases during the year ended December 31, 2025. Leases payable are liquidated by the general fund.

Remaining principal and interest payments on leases are as follows:

	Principal	Interest	Total
2026	$ 64,516	$ 2,587	$ 67,103
2027	53,769	912	54,681
2028	5,058	134	5,192
	$ 123,343	$ 3,633	$ 126,976

Valley Senior Services, a component unit of the Park District, has entered into lease agreements for building space and office equipment. Valley Senior Services is required to make principal and interest payments through 2026. The lease liability was valued using a discount rate of 2.64% to 3.41%, based on the District's incremental borrowing rate at the inception of the leases. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was $265,781 and $235,162, as of December 31, 2025, respectively. Valley Senior Services recognized amortization expense of $68,252 and interest of $1,168 related to leases during the year ended December 31, 2025. Leases payable of Valley Senior Services are liquidated by the Valley Senior Services fund.

Remaining principal and interest payments on leases of Valley Senior Services are as follows:

	Principal	Interest	Total
2026	$ 17,384	$ 759	$ 18,143
2027	8,039	361	8,400
2028	6,211	89	6,300
	$ 31,634	$ 1,209	$ 32,843

Note 8 - Subscription-Based Information Technology Arrangements (SBITAs)

The Park District has entered into various SBITA contracts for computer software. The Park District is required to make principal and interest payments through November 2029. The SBITA contracts have and interest rate of 3.29 – 3.41%, based on the Park District's incremental borrowing at the inception of the subscriptions. The total amount of right to use subscription assets, and the related accumulated amortization on right to use subscription assets was $406,667 and $147,203, as of December 31, 2025.

Remaining principal and interest payment on subscriptions are as follows:

	Principal	Interest	Total
2026	$ 66,589	$ 6,462	$ 73,051
2027	59,422	4,191	63,613
2028	30,726	2,165	32,891
2029	32,761	1,117	33,878
	$ 189,498	$ 13,935	$ 203,433

Note 9 - Long-Term Debt

	Balance January 1, 2025	Additions	Retirements	Balance December 31, 2025	Due Within One Year
Governmental Activities					
Notes payable	$ 1,500,000	$ -	$ 65,000	$ 1,435,000	$ 70,000
Financed purchases payable	1,611,809	-	348,419	1,263,390	357,059
General obligation and refunding improvement bonds	81,550,000	-	4,154,545	77,395,455	4,280,890
Unamortized bond premium	5,536,236	-	315,377	5,220,859	315,377
Leases payable	186,182	-	62,839	123,343	64,516
Subscription IT liabilities	42,888	253,018	106,408	189,498	66,589
Special assessments	12,658,691	685,324	1,214,417	12,129,598	1,214,417
Compensated absences*	1,407,999	173,480	-	1,581,479	1,581,479
	$ 104,493,805	$ 1,111,822	$ 6,267,005	$ 99,338,622	$ 7,950,327
Component Unit					
Leases payable	$ 63,973	$ 23,921	$ 56,260	$ 31,634	$ 17,384
Line of credit	10,096,076	-	1,956,500	8,139,576	2,203,475
Compensated absences*	267,327	5,416	-	272,743	272,743
	$ 10,427,376	$ 29,337	$ 2,012,760	$ 8,443,953	$ 2,493,602

*Change in compensated absences is presented as the net change.

Notes Payable

Payee	Interest Rate	Maturity Date	Final Balance December 31, 2025
Governmental Activities			
Fargo Public Schools	3.00-4.00%	08/01/41	$ 1,435,000

Future maturities on notes payable:

	Principal	Interest	Total
2026	$ 70,000	$ 50,148	$ 120,148
2027	70,000	47,348	117,348
2028	75,000	44,548	119,548
2029	75,000	41,548	116,548
2030	80,000	38,548	118,548
2031 - 2035	435,000	154,823	589,823
2036 - 2040	515,000	76,853	591,853
2041	115,000	4,198	119,198
	$ 1,435,000	$ 458,014	$ 1,893,014

Notes payable are liquidated by the general fund and debt service fund.

Financed Purchases Payable

Payee	Effective Interest Rate	Final Maturity	Balance December 31, 2025 Present Value
Governmental Activities			
Park Maintenance Facility	2.65%	04/01/31	$ 790,149
Courts Plus Lease - fitness equipment, roof, and indoor playground equipment	2.39%	08/15/27	473,241
			$ 1,263,390

Capital assets and related accumulated depreciation under financed purchase plans are as follows:

Buildings	$ 5,602,601
Less accumulated depreciation	(3,185,834)
Total	$ 2,416,767

The present value of future minimum lease payments is as follows:

	Principal	Interest	Total
2026	$ 357,059	$ 32,250	$ 389,309
2027	365,914	23,395	389,309
2028	129,851	14,321	144,172
2029	133,292	10,880	144,172
2030	136,824	7,348	144,172
2031	140,450	3,722	144,172
	$ 1,263,390	$ 91,916	$ 1,355,306

Financed purchases payable are liquidated by the general fund.

General Obligation and Refunding Improvement Bonds

Issue	Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding Debt 12/31/2025
Governmental Activities					
Refunding Improvement 2015	09/01/15	11/01/40	3.50%	$ 1,545,000	$ 1,100,000
Refunding Improvement 2016	09/01/16	05/01/41	2.00%-3.00%	5,435,000	3,575,000
Refunding Improvement 2017A	10/10/17	05/01/42	3.00%-3.25%	1,285,000	980,000
General Obligation Refunding 2017B	10/10/17	04/01/29	3.00%	3,310,000	1,130,000
Refunding Improvement 2018A	10/02/18	05/01/43	3.00%-4.00%	2,290,000	1,815,000
Refunding Improvement 2019A	10/10/19	05/01/37	2.54%	635,000	440,000
Refunding Improvement 2021A	07/28/21	05/01/39	.45%-2.00%	1,245,000	885,000
General Obligation 2022A	04/07/22	05/01/42	4.00-5.00%	38,825,000	35,070,000
General Obligation Refunding 2022B	03/29/22	05/01/29	3.00-4.00%	4,250,000	1,830,000
General Obligation 2023A	10/19/23	05/01/43	4.38-5.00%	30,415,000	27,905,000
General Obligation 2023B	11/01/23	05/01/43	2.00%	2,800,000	2,665,455
				$ 92,035,000	$ 77,395,455

Future maturities on general obligations and refunding improvement bonds:

	Principal	Interest	Total
2026	$ 4,280,890	$ 3,115,874	$ 7,396,764
2027	3,607,249	2,948,563	6,555,812
2028	3,703,622	2,793,089	6,496,711
2029	3,830,008	2,631,549	6,461,557
2030	3,746,408	2,466,578	6,212,986
2031 - 2035	20,613,536	9,891,108	30,504,644
2036 - 2040	24,505,699	5,319,803	29,825,502
2041 - 2043	13,108,043	729,740	13,837,783
	$ 77,395,455	$ 29,896,304	$ 107,291,759

Bonds payable are liquidated by the debt service fund.

Leases Payable

Leases payable consist of lease obligations as described in Note 7. Leases payable of the Park District are liquidated by the general fund. Leases payable of the component units are liquidated by Valley Senior Services.

Subscription IT Liabilities

Subscription IT liabilities consist of subscription obligations as described in Note 8. Subscription IT liabilities of the Park District are liquidated by the general fund.

Special Assessments

Uncertified special assessments of $12,129,598 are due to the City of Fargo on various properties owned by the Park District. Principal and interest payments on the special assessments are recorded in the debt service fund.

The Park District had special assessments of $685,324 levied in 2025 by the City of Fargo for multiple properties added by the Park District in 2025. Specials are due at various dates through 2044.

Compensated Absences

This amount consists of payments for vacation and sick pay benefits that are accrued for as discussed in Note 2.

Line of Credit

During the year ended December 31, 2024, the Fargo Park District Foundation obtained a Line of Credit from a financial institution for a loan of up to $25,000,000 to be used for construction costs of the Fargo Parks Sports Center. The loan provided interim financing for the project costs that will be funded by pledges received by the Fargo Park District Foundation. The loan provides for advances limited to 90% of all eligible outstanding cash pledges receivable, with an interest rate of 0% and a 10-year term. At December 31, 2025, the balance outstanding was $8,139,576.

Future maturities on the Line of Credit consist of principal payments of:

2026	$ 2,009,975
2027	1,879,975
2028	1,834,975
2029	1,734,975
2030	679,676
	$ 8,139,576

Note 10 - Other Post-Employment Benefits

The Park District of the City of Fargo provides two other post-employment benefit plans. OPEB liabilities are liquidated from the General Fund. Disclosures relating to these plans are as follows:

North Dakota Public Employees Retirement System

A. Plan Description

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.

The NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. . Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is ad-vance-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 Gover-nor; 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.

B. OPEB Benefits

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

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

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

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

At December 31, 2025, the Park District reported a liability of $224,566 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net OPEB liability was based on the Park District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2025, the Park District's proportion was 0.341417 percent, which was a decrease of 0.022310 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Park District recognized OPEB expense of $31,167. At December 31, 2025, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,150	$ 3,264
Changes of assumptions	19,469	19,332
Net difference between projected and actual earnings on OPEB Plan Investments	-	43,229
Changes in proportion and differences between employer Contributions and Proportionate Share of Contributions	2,721	22,411
Employer contributions subsequent to the measurement date	20,112	-
Total	$ 43,452	$ 88,236

The $20,112 reported as deferred outflows of resources related to OPEB resulting from Park District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026.

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 December 31,	
2026	$ 6,931
2027	(36,942)
2028	(25,685)
2029	(9,200)

D. Actuarial Assumptions

The total OPEB liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	N/A
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 Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 107% 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 113% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 87% for males and 88% for females. Mortality rates are projected from 2010 using the MP-2021 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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
Large Cap Domestic Equities	37.00%	4.00%
Small Cap Domestic Equities	7.00%	6.00%
Domestic Fixed Income	27.00%	3.29%
International Equities	29.00%	7.00%

E. 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.

F. Sensitivity of the Park District'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, 2025, calculated using the discount rate of 5.75 percent, 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%)
Employer's Proportionate Share of the OPEB Liability	$ 429,544	$ 224,566	$ 217,201

Fargo Park District Health Insurance Plan

A. Plan Description

The Fargo Park District Health Insurance Plan is a single-employer plan, covering employees of the Park District and its component unit Valley Senior Services. The plan is administered by Blue Cross Blue Shield of North Dakota. Benefit terms are established and amended by the Board of Commissioners.

All employees are allowed to participate in the Park District’s health insurance plan after retirement. This plan covers active and retired employees. At retirement, employees of the District may continue to participate in the Park District's group insurance plan that the employee was enrolled immediately prior to retirement. Participants must retire between the ages of 62 and 65, and benefit eligibility ends at retiree's age 65.

B. Benefits Provided

Eligible participants and their dependents have access to other post-employment benefits of blended medical premiums of $909 for single coverage, $1,618 for single + child coverage, and $2,416 for family coverage. The implicit rate subsidy is only until Medicare eligibility. The Park District will make the same contribution for eligible participants who retire between the ages of 62 and 65 as it does for active employees. The Park District currently pays 75% of the premium for single, single plus dependent or family coverage. Park District contributions and coverage on the group's medical plan ceases once the retiree has reached age 65.

C. Employees Covered by Benefit Terms

At the valuation date of December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	117
Active employees electing coverage	1
Active employees waiving coverage	28
	146

D. Total OPEB Liability

The Park District's total OPEB liability was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2023.

E. Actuarial Assumptions

The total OPEB liability in the December 31, 2023, measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Discount rate	4.08 percent
Healthcare cost trend rates	6.80 percent in FY2025, gradually decreasing over several decades to an ultimate rate of 4.00 percent in FY2075 and later years.
Mortality	PubG-2010 General mortality tables projected with generational mortality improvement using scale MP-2021

The actuarial assumptions used in the December 31, 2023, measurements were based on actual District experience, or are drawn from the July 1, 2023, NDPERS actuarial valuation and the 2015-2019 Actuarial Experience Study for the City of Fargo Employees' Pension Plan.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the index rate for 20-year, tax-exempt municipal bonds.

F. Changes in the Total OPEB Liability

Balance at January 1, 2025	$	646,444
Changes from the Prior Year		
Service cost		61,015
Interest cost		26,432
Assumption changes		(13,776)
Benefit Payments		(12,667)
Net Change		61,004
Balance at December 31, 2025	$	707,448

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trends Rate

The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower and one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	3.08%	4.08%	5.08%
Total OPEB Liability	$ 664,400	$ 707,448	$ 752,533

The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower and one percentage point higher than the current healthcare trend rates:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical Trend Rate	5.80%, gradually decreasing to 3.00%	6.80%, gradually decreasing to 4.00%	7.80%, gradually decreasing to 5.00%
Total OPEB Liability	$ 791,602	$ 707,448	$ 636,057

H. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the Park District recognized OPEB expense of $28,148. At December 31, 2025, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 107,642
Changes of Assumptions	56,929	194,411
Contributions Between Measurement Date and Reporting Date	11,631	-
Total	$ 68,560	$ 302,053

The $11,631 reported as deferred outflows of resources arising from contributions between the measurement date and reporting date will be recognized as OPEB expense in the year ended December 31, 2026. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Years Ended December 31,	OPEB Expense Amount
2026	$ (61,552)
2027	(59,823)
2028	(50,808)
2029	(42,123)
2030	(29,642)
Thereafter	(1,176)

Total of All OPEB Plans

OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for all OPEB plans in which the Park District participates are included in the financial statements as follows:

	Primary Government	Component Unit	
	Governmental Activities	Valley Senior Services	Total
OPEB Liability			
NDPERS	$ 224,566	$ -	$ 224,566
Fargo Park District	597,244	110,204	707,448
	$ 821,810	$ 110,204	$ 932,014
Deferred Outflows of Resources			
NDPERS	$ 43,452	$ -	$ 43,452
Fargo Park District	57,880	10,680	68,560
	$ 101,332	$ 10,680	$ 112,012
Deferred Inflows of Resources			
NDPERS	$ 88,236	$ -	$ 88,236
Fargo Park District	255,000	47,053	302,053
	$ 343,236	$ 47,053	$ 390,289
OPEB Expense			
NDPERS	$ 31,167	$ -	$ 31,167
Fargo Park District	9,444	18,704	28,148
	$ 40,611	$ 18,704	$ 59,315

Note 11 - Defined Benefit Pension Plans

The Park District of the City of Fargo contributes to two defined pension plans, the City of Fargo Pension Plan, a cost-sharing, multi-employer defined benefit plan administered by the City of Fargo, and the Main System of the North Dakota Public Employees Retirement System (NDPERS), a cost-sharing, multi-employer defined benefit plan administered by the North Dakota Public Employees Retirement System. On April 1, 2008, all Park District full-time benefited employees were allowed to remain with the City of Fargo Pension Plan or enroll with the North Dakota Public Employee Retirement System. All benefited employees hired after March 31, 2008, are required to participate with North Dakota Public Employee Retirement System. Pension liabilities are liquidated from the General Fund for governmental activities. Disclosures relating to these plans are as follows:

City of Fargo Pension Plan

A. Plan Description

The Park District's pension plan is a cost-sharing multiple employer public employee retirement system. The plan, the Fargo City Employees' Pension Plan, is integrated with social security and, therefore, is considered a supplemental plan. The plan administrator is the City of Fargo. All full-time Park District employees hired before April 1, 2008, are eligible for participation in the pension plan.

As of January 1, 1986, participation in the plan was mandatory for new hires. Prior to this, employees were given the option to participate. At April 1, 2008, full-time benefited employees were given the option to continue with the City of Fargo Pension Plan or enroll in the NDPERS main system.

Management of the plan consists of 7 members; the Mayor of the City of Fargo, City Attorney of the City of Fargo, City Auditor of the City of Fargo, Director of Finance of the City of Fargo, and 4 at large members elected by all plan members. Elected members serve 2-year terms.

B. Benefits Provided

Employees under a discounted annuity formula may be eligible for early, normal or disability retirement. The plan permits early retirement at age 55. Normal retirement age for full benefits is age 65 or when an employee's age plus their years of service as a full-time city employee reaches a sum of 90.

Employee death benefits of $20,000 are paid to a designated beneficiary for a participant who dies prior to retirement. If a participant dies after retirement, the designated beneficiary will receive a $3,000 death benefit.

All participants are eligible for a full refund of their contributions plus interest at 5%. Upon termination of employment prior to retirement age, participants may elect a deferred vested benefit to begin between ages 55-65 or a lump sum payment. Lump sum settlements are allowable up to age 55. Lump sum payments are computed as the greater of the actuarial value of plan assets or the "cash balance" in their plan account. The cash balance consists of the employee contributions, plus one-half of the employer's contribution since January 1, 1990, plus interest at 5%.

Benefit provisions are established under the authority of the City Commission.

C. Contributions

Participant employees contribute to the plan at a rate of 6.5% of salary and the employers contribute at a rate of 8.0% of regular salary for all employees including non-participants. The contribution rates are established by local ordinance, and the employer contribution rate set by the Fargo City Commission. Costs of administering the plan are financed by the employer and employee contributions, and by the Plan's investment earnings. For the year ended December 31, 2025, contributions totaled $51,872 and $82,342 for employees and the Park District, respectively.

Detailed information about the contributions to the City of Fargo Pension Plan is available in a separately issued City of Fargo Pension Plan report.

D. Pension Costs

At December 31, 2025, the Park District reported a negative liability of $34,012 for its proportionate share of the City of Fargo Pension Plan’s net pension liability. The net pension liability was measured as of December 31, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2025. The Park District's proportion of the net pension liability was based on the Park District's contributions received by the City of Fargo Pension Plan during the measurement period for employer payroll paid dates from January 1, 2025 through December 31, 2025, relative to the total plan contributions received from the City of Fargo. The Park District's proportionate share was 12.55 percent at the end of the measurement period and 11.18 at the beginning of the measurement period.

For the year ended December 31, 2025, the Park District recognized pension expense of $238,244 for its proportionate share of the City of Fargo Pension Plan’s pension expense. At December 31, 2025, the Park District reported its proportionate share of the City of Fargo Pension Plan’s deferred outflows of resource 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	$ 35,515	$ 13,096
Changes of Assumptions	198,130	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	495,801
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	26,486	70,745
Total	$ 260,131	$ 579,642

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 December 31,	
2026	$ 230,852
2027	(230,381)
2028	(191,306)
2029	(128,676)

E. Actuarial Assumptions

The total pension liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.00-6.50%, based on years of service
Investment rate of return	6.50%, net of investment expenses

For active members, inactive members and healthy retirees, mortality rates were based on the PubG-2016 General amount-weighted mortality tables with generational projection using scale MP-2021.

The actuarial assumptions used were based on analysis documented in the January 1, 2020 -December 31, 2024 Actuarial Experience Review report dated September 4, 2025.

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 asset class estimates are combined to produce the portfolio long-term expected rate of return. This is accomplished by weighting the expected future real arithmetic rates of return by the current asset allocation percentage (or target allocation, if available); adjusting for the difference between arithmetic and geometric average returns; and adding expected inflation (2.50%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2025 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap	20.00%	7.00%
Domestic Equity - Small/Mid Cap	10.00%	7.38%
International Equity - Developed	7.50%	7.35%
International Equity - Emerging	5.00%	7.91%
Domestic Fixed Income - Core	7.50%	5.10%
Domestic Fixed Income - Long Duration	2.50%	5.28%
Domestic Fixed Income - High Yield	5.00%	6.33%
International Fixed Income - Developed	5.00%	3.99%
International Fixed Income - Emerging	2.50%	6.30%
Cash Equivalents	5.00%	3.59%
Inflation Protected Securities	5.00%	4.41%
Real Estate	7.50%	6.38%
Hedge Funds	5.00%	6.24%
Commodities	2.50%	4.76%
Infrastructure	2.50%	7.52%
Private Equity	5.00%	9.63%
Private Debt	2.50%	8.08%

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent as of December 31, 2025. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the December 31, 2025, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of December 31, 2025. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2025.

G. Pension Liability Sensitivity

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 761,869	$ (34,012)	$ (717,585)

H. Pension Plan Fiduciary Net Position

Detailed information about the City of Fargo Pension Plan’s fiduciary net position is available in a separately issued City of Fargo Pension Plan report. That report may be obtained by writing to the City of Fargo at 200 3rd St N, Fargo, North Dakota 58102; or by calling (701)-241-1333.

North Dakota Public Employee Retirement System

A. Plan Descriptions

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.

B. Benefits Provided

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

C. Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% 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

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

At December 31, 2025, the Park District reported a liability of $8,671,963 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2025 the Park District's proportion was 0.5454 percent, which was an increase of 0.0280 percent from its proportion measured as of July 1, 2024.

For the year ended December 31, 2025, the Park District recognized pension revenue of $62,177. At December 31, 2025, the Park District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 468,523	$ -
Changes of Assumptions	900,733	2,401,783
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	766,276
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,506,117	-
Employer Contributions Subsequent to the Measurement Date	561,453	-
Total	$ 3,436,826	$ 3,168,059

The $561,453 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 net pension liability in the year ended December 31, 2026.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 December 31,	
2026	$ 561,192
2027	(434,254)
2028	(194,315)
2029	(225,309)

E. Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2021 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 Equity	31.9%	5.03%
International Equity	19.1%	6.10%
Private Equity	7.0%	8.30%
Domestic Fixed Income	23.0%	2.32%
Global Real Assets	19.0%	5.47%

F. 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 5.20%; and the resulting Single Discount Rate is 6.50%.

G. Pension Liability Sensitivity

The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Park District'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%)
Employer's Proportionate Share of the Net Pension Liability	$ 12,935,397	$ 8,671,963	$ 5,130,455

H. Pension Plan Fiduciary Net Position

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

Total of All Pension Plans

Net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for all pension plans in which the Park District participates are included in the financial statements as follows:

	Governmental Activities
Pension Liability	
City of Fargo	$ (34,012)
NDPERS	8,671,963
	$ 8,637,951
Deferred Outflows of Resources	
City of Fargo	$ 260,131
NDPERS	3,436,826
	$ 3,696,957
Deferred Inflows of Resources	
City of Fargo	$ 579,642
NDPERS	3,168,059
	$ 3,747,701
Pension Expense	
City of Fargo	$ 238,244
NDPERS	(62,177)
	$ 176,067

Note 12 - Defined Contribution Pension Plan

The Park District participates in the North Dakota Public Employee Retirement System Defined Contribution Retirement Plan (the "Plan"), a statewide defined contribution pension plan administered by NDPERS. The Plan provides retirement benefits to participating public employees based solely on accumulated contributions to each member's individual account, plus investment earnings thereon. Benefit terms and contribution requirements are established by North Dakota Century Code Chapter 54-52. Under the Plan, each employee maintains an individual account, and the Park District's obligation is limited to contributing a specified percentage of payroll to that account – the Park District has no further commitment to provide future pension benefits beyond these contributions. Participants vest immediately in their own contributions and investment earnings, and vest in the Park District's contributions as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%
Upon attainment of age 65 while an employee	100%

Non-vested account balances forfeited by employees who leave employment are used to cover Plan administrative expenses, per Plan policy.

Contributions

During the year ended December 31, 2025, employees were required to contribute 4.00% of covered payroll and the Park District was required to contribute 5.26%, as required by State law. Employees may elect to contribute up to an additional 3.0% of gross wages which will be matched by an equal Park District contribution. The Park District recognized pension expense of $42,863 for the year, equal to its required contributions, which was reported as an expenditure in the applicable funds.

Note 13 - Medical Self-Insurance

The Park District is self-insured with respect to certain employee medical costs. The Park District implemented the self-insurance medical plan January 1, 2006. Terms of the plan include a stop-loss provision which limits the Park District's liability to $75,000 per individual or approximately $1,468,000 in aggregate annually. The following is the activity for the year ended December 31, 2025:

Claims incurred but not reported at beginning of year	$ 62,363
Claims incurred	3,014,125
Claims paid	(2,864,180)
Claims incurred but not reported at end of year	$ 212,308

Note 14 - Interfund Transactions

Transfers

During the year ended December 31, 2025, the General Fund transferred $13,718,947 to the Capital Projects Fund for current and future planned capital projects.

Note 15 - Risk Management

The Park 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. The Park District’s risk management program encompasses obtaining property and liability insurance through the North Dakota Insurance Reserve Fund, North Dakota Fire and Tornado Fund, and the State Bonding Fund. The Park District has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the Park District in the above funds is limited to payment of premiums. At the end of the year, the Park District did not have any significant claims.

The Park District also provides workers compensation insurance on its employees through the North Dakota Workforce Safety and Insurance. At the end of the year, the Park District believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

Note 16 - Commitments

Construction

As of December 31, 2025, the Park District had construction in progress of $1,947,390, relating to various Park District projects, the most significant being park pavement improvements with construction in progress of $1,397,306. Total remaining costs of completion for all projects is estimated to be approximately $4.7 million, of which the most significant item is the Cornerstone Bank Arena ice plant project with estimated costs of completion of $3.4 million. These projects are expected to be completed in 2026.

Note 17 - Joint Power Agreement with other Governmental Entities

The Park District has joint power agreements with the Fargo Public Schools for shared facilities. The Park District and School District have similar needs of facilities and have joined in the funding, maintenance and usage of facilities located in the City of Fargo. The joint power agreements provide easements to both governmental entities allowing for access and placement of capital assets. The agreements provide for shared costs of construction and maintenance, assignment of responsibility of maintenance and how the two entities will share in capital repair and replacement of the facilities covered by the joint power agreements.

Required Supplementary Information
December 31, 2025

Park District of the City of Fargo

Schedule of Employer's Share of Net OPEB Liability; Last 10 Fiscal Years*

North Dakota Public Employees Retirement System

Measurement Date	Employer's Proportion (Percentage) of the Net OPEB Liability	Employer's Proportionate Share (Amount) of the Net OPEB Liability (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.341417%	$ 224,566	$ 3,547,012	6.33%	75.94%
2024	0.363727%	$ 314,280	$ 3,770,782	8.33%	68.35%
2023	0.378080%	$ 377,986	$ 3,800,396	9.95%	62.74%
2022	0.371404%	$ 445,800	$ 3,834,390	11.63%	56.28%
2021	0.371399%	$ 206,562	$ 4,049,209	5.10%	76.63%
2020	0.343902%	$ 289,290	$ 3,920,379	7.38%	63.38%
2019	0.332687%	$ 267,210	$ 3,712,310	7.20%	63.13%
2018	0.315603%	$ 248,559	$ 3,453,384	7.20%	61.89%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which information is available.

Schedule of Employer's Contributions; Last 10 Fiscal Years*

North Dakota Public Employees Retirement System

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
2025	$ 42,312	$ 38,803	$ 3,509	$ 3,547,012	1.09%
2024	$ 44,841	$ 44,611	$ 230	$ 3,770,782	1.18%
2023	$ 45,889	$ 45,216	$ 673	$ 3,800,396	1.19%
2022	$ 46,669	$ 46,203	$ 466	$ 3,834,390	1.20%
2021	$ 48,693	$ 47,220	$ 1,473	$ 4,049,209	1.17%
2020	$ 46,056	$ 45,685	$ 371	$ 3,920,379	1.17%
2019	$ 43,174	$ 41,559	$ 1,615	$ 3,712,310	1.12%
2018	$ 40,506	$ 38,983	$ 1,523	$ 3,453,384	1.13%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer's Contributions

2025

Changes of benefit terms
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, 2024.

Changes of assumptions
The actuarial assumptions used in the actuarial valuation as of July 1, 2025, were based on an experience review for the period from July 1, 2019, to July 1, 2024, and were adopted for first use commencing with the July 1, 2025, actuarial valuation. The following assumptions were changed: price inflation, salary increase rates, retirement rates, turnover rates, disability rates, RHIC participation rates, and mortality rates.

2024

Changes of benefit terms
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.

Changes of assumptions
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.

2023

Changes of benefit terms
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, 2022.

Changes of assumptions
All actuarial assumptions used in the actuarial valuation as of July 1, 2022, 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, 2022.

2022

Changes of benefit terms

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

Changes of assumptions

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

2021

Changes of benefit terms

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

Changes of assumptions

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

2020

Changes of benefit terms

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, 2019.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019

Changes of benefit terms

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, 2018.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

2018

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios, Last 10 Fiscal years*

Fargo Park District Health Insurance Plan

	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	$ 61,015	$ 54,663	$ 72,792	$ 83,289	$ 70,927	$ 67,939	$ 68,851	$ 61,015
Interest	26,432	26,811	12,879	16,477	19,040	28,506	24,492	25,028
Changes of Assumptions	(13,776)	59,096	(91,919)	(158,191)	36,111	(123,853)	(29,026)	25,539
Differences Between Expected and Actual Experience	-	(94,132)	(3,577)	(52,324)	(5,290)	(33,156)	-	-
Benefit Payments	(12,667)	(14,639)	(5,324)	-	(3,374)	(33,424)	(36,590)	(36,139)
Net Change in Total OPEB Liability	61,004	31,799	(15,149)	(110,749)	117,414	(93,988)	27,727	75,443
Total OPEB Liability - Beginning	646,444	614,645	629,794	740,543	623,129	717,117	689,390	613,947
Total OPEB Liability - Ending	$ 707,448	$ 646,444	$ 614,645	$ 629,794	$ 740,543	$ 623,129	$ 717,117	$ 689,390
Covered Payroll	$ 9,800,000	$ 8,855,397	$ 7,854,351	$ 7,207,752	$ 6,980,254	$ 6,585,575	$ 6,284,568	$ 5,873,528
Total OPEB Liability as a Percentage of Covered Payroll	7.2%	7.3%	7.8%	8.7%	10.6%	9.5%	11.4%	11.7%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Park District will present information for those years for which information is available.

Notes to the Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

2025
Assumption changes:
- The discount rate was changed from 3.77% to 4.08% based on updated 20-year municipal bond rates.

2024
Assumption changes:
- The discount rate was changed from 4.05% to 3.77% based on updated 20-year municipal bond rates.
- Medical trend was updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.

2023
Assumption changes:
- The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.

2022
Assumption changes:
- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Withdrawal, retirement, and salary scale rates for Main System (non-State employees) were updated from the rates used in the July 1, 2019, NDPERS actuarial valuation to the rates used in the July 1, 2021, NDPERS actuarial valuation.
- Mortality rates were updated from the rates based on the SOARP-2014 no-collar table with adjustments to rates from the Pub-2010 General mortality tables, fully generational projected with scale MP-2021.
- Medical per capita claims costs were updated to reflect recent experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2021
Assumption changes:
- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

2020
Assumption changes:
- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost insurance plans.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- The mortality projection scale was updated from MP-2017 to MP-2019 to reflect recently-published mortality rates.

- Withdrawal, retirement, and salary scale rates for City participants were updated to the rates used in the 2015-2019 Actuarial Experience Study for the City of Fargo Employees' Pension Plan.
- The percent of future retirees assumed to elect coverage at retirement changed from 100% to 90% to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019
Assumption changes:
- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans due to its repeal.

2018
Assumption changes:
- The discount rate was changed from 3.81% to 3.31% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, and to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
City of Fargo Pension Plan	12/31/2025	12.55%	$ (34,012)	$ 1,848,533	-1.8%	100.4%
City of Fargo Pension Plan	12/31/2024	11.18%	$ 420,398	$ 2,051,750	20.5%	94.2%
City of Fargo Pension Plan	12/31/2023	11.27%	$ 713,688	$ 2,244,310	31.8%	90.1%
City of Fargo Pension Plan	12/31/2022	11.27%	$ 1,176,112	$ 2,122,940	55.4%	83.5%
City of Fargo Pension Plan	12/31/2021	11.23%	$ (466,089)	$ 2,066,293	-22.6%	106.6%
City of Fargo Pension Plan	12/31/2020	11.23%	$ (10,993)	$ 2,151,422	-0.5%	100.2%
City of Fargo Pension Plan	12/31/2019	11.07%	$ 785,456	$ 2,357,204	33.3%	88.2%
City of Fargo Pension Plan	12/31/2018	12.15%	$ 1,785,110	$ 2,427,364	73.5%	75.2%
City of Fargo Pension Plan	12/31/2017	10.73%	$ 1,071,680	$ 2,326,752	46.1%	82.8%
City of Fargo Pension Plan	12/31/2016	10.04%	$ 1,468,596	$ 2,599,184	56.5%	74.1%
NDPERS	6/30/2025	0.5454%	$ 8,671,963	$ 7,219,085	120.1%	73.6%
NDPERS	6/30/2024	0.5174%	$ 9,678,045	$ 6,787,824	142.6%	68.0%
NDPERS	6/30/2023	0.4706%	$ 9,074,760	$ 5,755,085	157.7%	65.3%
NDPERS	6/30/2022	0.3955%	$ 11,391,470	$ 4,591,438	248.1%	54.5%
NDPERS	6/30/2021	0.3868%	$ 4,031,733	$ 4,380,216	92.0%	78.3%
NDPERS	6/30/2020	0.3745%	$ 11,780,938	$ 4,130,865	285.2%	48.9%
NDPERS	6/30/2019	0.3569%	$ 4,183,056	$ 3,712,310	112.7%	71.7%
NDPERS	6/30/2018	0.3362%	$ 5,672,999	$ 3,453,384	164.3%	62.8%
NDPERS	6/30/2017	0.3066%	$ 4,928,470	$ 3,130,157	157.5%	70.5%
NDPERS	6/30/2016	0.2372%	$ 2,311,609	$ 2,390,278	96.7%	70.5%

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
City of Fargo Pension Plan	12/31/2025	$ 278,467	$ 82,342	$ 196,125	$ 1,848,533	4.5%
City of Fargo Pension Plan	12/31/2024	$ 186,799	$ 73,627	$ 113,172	$ 2,051,750	3.6%
City of Fargo Pension Plan	12/31/2023	$ 143,528	$ 308,927	$ (165,399)	$ 2,244,310	13.8%
City of Fargo Pension Plan	12/31/2022	$ 143,528	$ 407,128	$ (263,600)	$ 2,122,940	19.2%
City of Fargo Pension Plan	12/31/2021	$ 247,625	$ 83,508	$ 164,117	$ 2,066,293	4.0%
City of Fargo Pension Plan	12/31/2020	$ 247,625	$ 81,282	$ 166,343	$ 2,151,422	3.8%
City of Fargo Pension Plan	12/31/2019	$ 292,138	$ 295,107	$ (2,969)	$ 2,357,204	12.5%
City of Fargo Pension Plan	12/31/2018	$ 212,010	$ 201,386	$ 10,624	$ 2,427,364	8.3%
City of Fargo Pension Plan	12/31/2017	$ 242,716	$ 226,331	$ 16,385	$ 2,326,752	9.7%
City of Fargo Pension Plan	12/31/2016	$ 233,338	$ 185,188	$ 48,150	$ 2,599,184	7.1%
NDPERS	12/31/2025	$ 660,814	$ 594,446	$ 66,368	$ 7,219,085	8.2%
NDPERS	12/31/2024	$ 558,760	$ 534,907	$ 23,853	$ 6,787,824	7.9%
NDPERS	12/31/2023	$ 435,376	$ 414,367	$ 21,009	$ 5,755,091	7.2%
NDPERS	12/31/2022	$ 345,813	$ 332,406	$ 13,407	$ 4,591,438	7.2%
NDPERS	12/31/2021	$ 323,021	$ 316,026	$ 6,995	$ 4,380,216	7.2%
NDPERS	12/31/2020	$ 292,501	$ 290,357	$ 2,144	$ 4,130,865	7.0%
NDPERS	12/31/2019	$ 270,277	$ 259,559	$ 10,718	$ 3,712,310	7.0%
NDPERS	12/31/2018	$ 254,357	$ 243,475	$ 10,882	$ 3,453,384	7.1%
NDPERS	12/31/2017	$ 226,975	$ 202,726	$ 24,249	$ 3,130,157	6.5%
NDPERS	12/31/2016	$ 173,052	$ 164,318	$ 8,734	$ 2,390,278	6.9%

City of Fargo Pension Plan

2025
Changes of assumptions:
- Withdrawal, retirement, mortality, salary scale, and form of payment assumptions were updated based on the January 1, 2020 – December 31, 2024 Actuarial Experience review report dated September 4, 2025
- The discount rate and long-term investment return assumption were updated from 7.00% to 6.50% to reflect updated capital market assumptions.

2024
Changes of assumptions:
- None

2023
Changes of assumptions:
- None

2022
Changes of assumptions:
- None

2021
Changes of assumptions:
- The discount rate and long-term investment return assumption were updated from 7.25% to 7.00% to reflect updated capital market assumptions.
- The mortality improvement scale was updated from MP-2020 to MP-2021 to reflect the most recently published longevity assumptions.

2020
Changes of assumptions:
- Salary scale was changes from 2.5% to an age-based table based on historical experience and current pay scale information.
- When actual spouse birthdates are not available, the spouse age assumption was updated to assume female beneficiaries are two years younger and male beneficiaries two years older to reflect recent experience.
- The mortality table was updated to the PubG-2010 General mortality tables projected generationally with MP-2020 to reflect the most recently published tables.
- The withdrawal table adjustment factor was reduced from 50% to 30% based on recent experience to reflect lower turnover.
- Retirement rates were updated based on recent retiree experience to reflect later retirements.
- The assumed payment form for future NDPERS retirees on or after early retirement eligibility was updated to: 80% elect a life annuity and 20% elect a 100% joint & survivor annuity. Prior to early retirement eligibility, we assume that 50% elect a lump sum and 50% choose a deferred annuity according to the election percentages above.
- Expected expenses are now rounded to nearest $1,000 for simplification.

2019

Changes of assumptions:

- None

2018

Changes of assumptions:

- The mortality improvement scale was updated from MP-2017 to MP-2018 to reflect recently published longevity assumptions.
- The inflation assumption was updated from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

2017

Changes of assumptions:

- The mortality improvement scale was updated from MP-2016 to MP-2017 to reflect recently published longevity assumptions.

2016

Changes of assumptions:

- The mortality improvement scale was updated from MP-2015 to MP-2016 to reflect recently published longevity assumptions.
- Salary scale was changed from 3.0% to 2.5% based on the City's pay grade/step scale and historical experience for active members currently earning benefits in the plan.
- Retirement rates were updated based on recent retiree experience.

2015

Changes of assumptions:

- The discount rate changed from 7.50% to 7.25% to reflect an updated expected asset return assumption.
- The expected long-term rate of return on assets changes from 7.50% to 7.25% to reflect updated capital market assumptions.
- Mortality was updated from the RP-2014 no-collar, annuitant/non-annuitant tables with projection scale MP-2014 to the adjusted RP-2014 table with MP-2015 projection scale to reflect the most recently published table.
- The withdrawal assumption was updated to the SOA 2003 small plan age-based table with a 50% reduction factor. This change was made to reflect the trend of NDPERS employees terminating prior to early retirement eligibility and electing a lump sum payment.
- The pre-retirement form of payment assumption for NDPERS transfers was updated to reflect both lump sum and annuity elections. This change was made to reflect the trend of NDPERS employees terminating prior to early retirement eligibility and electing a lump sum payment.

NDPERS

2025

Changes of benefit terms:
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.

Changes of assumptions:
The actuarial assumptions used in the actuarial valuation as of July 1, 2025, were based on an experience review for the period from July 1, 2019, to July 1, 2024, and were adopted for first use commencing with the actuarial valuation as of July 1, 2025.

2024

Changes of benefit terms:
There have been no changes in plan provisions since the previous actuarial valuation as of July 1, 2023.

Changes of assumptions:
All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2023.

2023

Changes of benefit terms:
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.

Changes of assumptions:
All actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on 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, 2022.

2022

Changes of benefit terms:
The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions:
The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022, 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.

2021
Changes of benefit terms:
There have been no changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

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

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

Changes of assumptions:
The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019, valuation:

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020, valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020, valuation
- Mortality table updates were made for the July 1, 2020, valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019

Changes of benefit terms:

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

Changes of assumptions:

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019, valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

2018

Changes of benefit terms:

None

Changes of assumptions:

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2018, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2017

Changes of benefit terms:

None

Changes of assumptions:

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2016

Changes of benefit terms:
None

Changes of assumptions:
Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2016, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Other Supplementary Information
December 31, 2025

Park District of the City of Fargo

Park District of the City of Fargo
Balance Sheet - Modified Accrual Basis
Valley Senior Services
December 31, 2025

Assets	
Cash and investments	$ 6,449,997
Accounts receivable	852,913
Total assets	$ 7,302,910
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 237,449
Accrued payroll	147,082
Total liabilities	384,531
Fund Balance	
Unassigned	6,918,379
Total liabilities and fund balance	$ 7,302,910

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Taxes	$ 2,211,183	$ 2,253,030	$ 41,847
Intergovernmental revenue	4,261,334	4,768,285	506,951
Charges for services and contributions	900,598	869,719	(30,879)
Investment earnings	-	223,780	223,780
Grants, trusts and donations	14,100	20,835	6,735
Other	-	25,520	25,520
Total revenues	7,387,215	8,161,169	773,954
Expenditures			
Current			
Wages and salaries	3,849,261	3,904,990	(55,729)
Other	2,858,748	3,033,591	(174,843)
Capital outlay	679,206	405,048	274,158
Total expenditures	7,387,215	7,343,629	43,586
Net Change in Fund Balance	$ -	817,540	$ 817,540
Fund Balance, Beginning of Year		6,100,839	
Fund Balance, End of Year		$ 6,918,379	

Gaming Income	
E-tabs	$ 4,226,607
Blackjack	198,744
Jars	113,013
Dispensing	97,586
Bingo	48,236
Raffle	40,870
Total gaming income	4,725,056
Cost of Gaming Income	
E-tab prizes	3,802,221
Blackjack prizes	175,208
Jars prizes	92,550
Dispensing prizes	75,620
Bingo prizes	33,511
Raffle prizes	20,521
Total cost of gaming income	4,199,631
Adjusted Gross Proceeds	525,425
Direct Expenses	(516,179)
Net Gaming Income	$ 9,246
Direct Expenses	
Gaming usage fees	$ 162,692
Salaries	136,296
Gaming trust awarded funds	74,120
State gaming tax	44,215
Rent and leases	40,968
Repair and maintenance - equipment	16,523
Payroll taxes	15,125
Gaming supplies	14,379
Supplies	8,037
Workers' compensation	252
Benefits	49
Miscellaneous	3,523
Total direct expenses	$ 516,179

Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2025

Park District of the City of Fargo

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*

To the Board of Park Commissioners
Park District of the City of Fargo
Fargo, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Park District of the City of Fargo (the "Park District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements, and have issued our report thereon dated July 1, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Park District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

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

Park District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 purposes.

Eide Bailly LLP

Fargo, North Dakota
July 1, 2026

Independent Auditor's Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Park Commissioners
Park District of the City of Fargo
Fargo, North Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Park District of the City of Fargo's (the "Park District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Park District's major federal program for the year ended December 31, 2025. The Park District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Park District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Park District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Park District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Park District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Park District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Park District's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Park District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Park District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Park District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Park District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements. We issued our report thereon dated July 1, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Fargo, North Dakota
July 1, 2026

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures	
Department of Health and Human Services				
Passed Through North Dakota Department of Human Services				
Aging Cluster				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-13906	$ 1,566,843	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	190-14330	1,588,850	
Nutrition Services Incentive Program	93.053	Unknown	177,987	
Total Department of Health and Human Services/ Total Aging Cluster				$ 3,333,680
Department of Transportation				
Passed Through North Dakota Department of Transportation				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-24-0881	179,277	
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-25-0912	167,948	
Enhanced Mobility for Seniors and Individuals with Disabilities	20.509	38-25-0912	3,369	
Passed Through North Dakota Department of Transportation Subtotal			350,594	
Federal Transit Cluster				
Federal Transit Capital Investment Program	20.526	38-25-0583	61,986	
Federal Transit Capital Investment Program	20.526	38-24-0705	171,736	
Federal Transit Cluster Subtotal			233,722	
Total Department of Transportation				584,316
Department of Agriculture				
Passed Through North Dakota State University				
Cooperative Forestry Assistance	10.664	2024S-IRA-TP003	16,537	
Total Department of Agriculture				16,537
Total Federal Financial Assistance				$ 3,934,533

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Park District of the City of Fargo (the "Park District") under programs of the federal government for the year ended December 31, 2025. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Park District, it is not intended to and does not present the financial position, changes in net assets or fund balance, or cash flows of the Park District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Park District does not draw for indirect administrative expenses and has not elected to use the de minimis cost rate of up to 15 percent.

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Aging Cluster	93.045 / 93.053

Dollar threshold used to distinguish between type A and type B programs	$1,000,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

2025-001 **Preparation of Financial Statements, including Proposed Journal Entries**
Material Weakness

Criteria - A good system of internal accounting control contemplates an adequate system the ability to internally prepare their financial statements, as well as recording and processing entries that are significant to the financial statements.

Condition - The Park District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including numerous audit adjustments, that would not have been identified as a result of the Park District's existing internal controls, and therefore could have resulted in a material misstatement of the Park District's financial statements. The auditors were requested to, and did, draft the Park District's financial statements and accompanying notes to the financial statements, including proposed journal entries.

Cause - The Park District does not have an internal control system designed to provide for the preparation of the financial statements being audited and record all necessary adjustments.

Effect - This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected, and the financial disclosures in the financial statements could be incomplete.

Recommendation - 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.

Views of Responsible Officials - There is no disagreement with the audit finding.

Section III - Federal Award Findings and Questioned Costs

None Reported