

# **OFFICE OF STATE AUDITOR**

## **AUDIT REPORT**

**DEVILS LAKE PARK BOARD  
DEVILS LAKE, NORTH DAKOTA**

**FOR THE YEAR ENDED DECEMBER 31, 2013**



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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

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For the Year Ended December 31, 2013

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

**OFFICIALS**

December 31, 2013

Jamie Beck

President

Kale Stromme

Vice-President

Lisa Uhlenkamp

Commissioner

Peter Jerome

Commissioner

Mike Dunn

Commissioner

Terry Wallace

Superintendent

Heather Brandvold

Office Manager/Clerk

**STATE AUDITOR**

ROBERT R. PETERSON  
Phone (701) 328-2241  
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Local Government Division:  
FARGO OFFICE  
MANAGER – DAVID MIX  
Phone: (701) 239-7252 Fax: (701) 239-7251

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

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INDEPENDENT AUDITOR'S REPORT

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Park Board Commissioners  
Devils Lake Park Board  
Devils Lake, North Dakota

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Park Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information* on page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

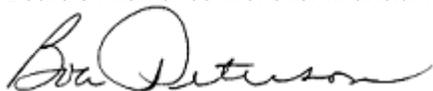
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Devils Lake Park Board's basic financial statements. The *combining balance sheet – nonmajor governmental funds, and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds* are presented for purposes of additional analysis and are not a required part of the financial statements.

The *combining balance sheet – nonmajor governmental funds, and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the *combining balance sheet – nonmajor governmental funds, and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds* are fairly stated in all material respects in relation to the financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2014 on our consideration of Devils Lake Park Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Devils Lake Park Board's internal control over financial reporting and compliance.



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
April 10, 2014

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

STATEMENT OF NET POSITION  
December 31, 2013

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	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Investments	\$ 365,038
Taxes Receivable	15,068
Accounts Receivable	6,322
Due from County	4,120
Intergovernmental Receivable	109,265
Capital Assets (not being depreciated):	
Land	245,597
Capital Assets (being depreciated):	
Buildings	1,023,369
Infrastructure	1,204,527
Playground Equipment	211,737
Vehicles and Equipment	88,550
Total Capital Assets	<u>\$ 2,773,780</u>
Total Assets	<u>\$ 3,273,593</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 14,634
Salaries Payable	5,200
Interest Payable	210
Long-Term Liabilities:	
Due Within One Year:	
Special Assessments	48,936
Line of Credit Payable	75,000
Compensated Absences Payable	2,931
Due After One Year:	
Special Assessments	274,982
Compensated Absences Payable	<u>26,374</u>
Total Liabilities	<u>\$ 448,267</u>
<u>NET POSITION:</u>	
Net investment in capital assets	\$ 2,698,780
Restricted for:	
Capital Projects	57,694
General Government	55,289
Unrestricted	<u>13,563</u>
Total Net Position	<u><u>\$ 2,825,326</u></u>

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

DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Governmental Activities:</u>					
General Government	\$ 713,343	\$ -	\$ -	\$ -	\$ (713,343)
Culture and Recreation	417,334	257,763	3,899	146,000	(9,672)
Interest on Long Term Debt	24,896	-	-	-	(24,896)
<b>Total Governmental Activities</b>	<b>\$ 1,155,573</b>	<b>\$ 257,763</b>	<b>\$ 3,899</b>	<b>\$ 146,000</b>	<b>\$ (747,911)</b>
<u>General Revenues:</u>					
Taxes:					
Property taxes; levied for general purposes					\$ 497,229
Property taxes; levied for capital projects					62,428
Property taxes; levied for debt service					58,100
State Revenue Sharing and Other Unrestricted Grants					233,753
Interest					909
Concession Income					73,641
Miscellaneous Revenue					23,988
<b>Total General Revenues</b>					<b>\$ 950,048</b>
<b>Change in Net Position</b>					<b>\$ 202,137</b>
<b>Net Position - January 1</b>					<b>\$ 2,623,189</b>
<b>Net Position - December 31</b>					<b>\$ 2,825,326</b>

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

DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2013

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Project		
<b><u>ASSETS</u></b>					
Cash	\$ 232,391	\$ 73,214	\$ 5,842	\$ 53,591	\$ 365,038
Accounts Receivable	6,322	-	-	-	6,322
Due from County	2,665	828	326	301	4,120
Intergovernmental Receivable	59,265	-	50,000	-	109,265
Taxes Receivable	10,627	1,526	1,518	1,397	15,068
Total Assets	<u>\$ 311,270</u>	<u>\$ 75,568</u>	<u>\$ 57,686</u>	<u>\$ 55,289</u>	<u>\$ 499,813</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$ 14,634	\$ -	\$ -	\$ -	\$ 14,634
Salaries Payable	5,200	-	-	-	5,200
Total Liabilities	<u>\$ 19,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,834</u>
<b><u>Deferred Inflows of Resources:</u></b>					
Taxes Receivable	\$ 10,627	\$ 1,526	\$ 1,518	\$ 1,397	\$ 15,068
Total Liabilities and Deferred Inflows of Resources	<u>\$ 30,461</u>	<u>\$ 1,526</u>	<u>\$ 1,518</u>	<u>\$ 1,397</u>	<u>\$ 34,902</u>
<b><u>Fund Balances:</u></b>					
<b><u>Restricted for:</u></b>					
Capital Projects	\$ -	-	\$ 56,168	\$ -	\$ 56,168
Debt Service	-	74,042	-	-	74,042
General Government	-	-	-	53,892	53,892
<b><u>Unassigned</u></b>	<u>280,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,809</u>
Total Fund Balances	<u>\$ 280,809</u>	<u>\$ 74,042</u>	<u>\$ 56,168</u>	<u>\$ 53,892</u>	<u>\$ 464,911</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 311,270</u>	<u>\$ 75,568</u>	<u>\$ 57,686</u>	<u>\$ 55,289</u>	<u>\$ 499,813</u>

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

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2013

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Total *Fund Balances* for Governmental Funds \$ 464,911

Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 6,161,909	
Less Accumulated Depreciation	<u>(3,388,129)</u>	2,773,780

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds. 15,068

Long-term liabilities applicable to the Park Boards's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position. Balances at December 31, 2013 are:

Special Assessments Payable	\$ (323,918)	
Loan Payable	(75,000)	
Interest Payable	(210)	
Compensated Absences	<u>(29,305)</u>	<u>(428,433)</u>

Total Net Position of Governmental Activities \$ 2,825,326

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

DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

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

For the Year Ended December 31, 2013

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Project		
<u>Revenues:</u>					
Taxes	\$ 438,788	\$ 58,705	\$ 62,242	\$ 56,948	\$ 616,683
Intergovernmental	233,752	-	149,900	-	383,652
Charges for Services	257,763	-	-	-	257,763
Interest Income	909	-	-	-	909
Concession Income	73,641	-	-	-	73,641
Miscellaneous	18,928	-	5,060	-	23,988
<b>Total Revenues</b>	<b>\$ 1,023,781</b>	<b>\$ 58,705</b>	<b>\$ 217,202</b>	<b>\$ 56,948</b>	<b>\$ 1,356,636</b>
<u>Expenditures:</u>					
Current:					
Culture and Recreation	\$ 330,921	\$ 7,125	\$ -	\$ -	\$ 338,046
General Government	561,714	-	-	51,806	613,520
Capital Outlay	-	-	248,662	-	248,662
Debt Service:					
Principal	50,000	48,936	-	-	98,936
Interest and Fees	2,765	22,271	-	-	25,036
<b>Total Expenditures</b>	<b>\$ 945,400</b>	<b>\$ 78,332</b>	<b>\$ 248,662</b>	<b>\$ 51,806</b>	<b>\$ 1,324,200</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 78,381	\$ (19,627)	\$ (31,460)	\$ 5,142	\$ 32,436
<u>Other Financing Sources (Uses):</u>					
Transfers In	\$ 28,000	\$ -	\$ 66,000	\$ -	\$ 94,000
Transfers Out	(94,000)	-	-	-	(94,000)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (66,000)</b>	<b>\$ -</b>	<b>\$ 66,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 12,381</b>	<b>\$ (19,627)</b>	<b>\$ 34,540</b>	<b>\$ 5,142</b>	<b>\$ 32,436</b>
Fund Balance - January 1	\$ 297,257	\$ 114,840	\$ (28,372)	\$ 48,750	\$ 432,475
Prior Period Adjustment	(28,829)	(21,171)	50,000	-	-
<b>Fund Balance - Jan. 1, As Restated</b>	<b>\$ 268,428</b>	<b>\$ 93,669</b>	<b>\$ 21,628</b>	<b>\$ 48,750</b>	<b>\$ 432,475</b>
<b>Fund Balance - December 31</b>	<b>\$ 280,809</b>	<b>\$ 74,042</b>	<b>\$ 56,168</b>	<b>\$ 53,892</b>	<b>\$ 464,911</b>

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

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

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Net Change in *Fund Balances* - Total Governmental Funds \$ 32,436

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Current Year Capital Outlay	\$ 231,295	
Current Year Depreciation Expense	<u>(157,999)</u>	73,296

The issuance of debt increases long-term liabilities, while the repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.

Special Assessments Repayment	\$ 48,936	
Loan Repayment	<u>50,000</u>	98,936

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in Interest Payable	\$ 140	
Change in Compensated Absences	<u>(3,745)</u>	(3,605)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable.

Change in Net Position of Governmental Activities	<u>1,074</u>	
	<u>\$ 202,137</u>	

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

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting Entity

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

Based on these criteria, there are no component units to be included within the Devils Lake Park Board as a reporting entity.

B. Government-wide and fund financial statements

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

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

*Fund Financial Statements:* The fund financial statements provide information about the park board's funds. Separate statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

## DEVILS LAKE PARK BOARD

### Notes to the Financial Statements – Continued

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The Park Board reports the following major governmental funds:

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

*Debt Service Funds.* Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. Revenue sources in this fund are restricted solely for debt retirement.

*Capital Projects Funds.* Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

#### D. Cash and Investments

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

The investments consist of certificates of deposit stated at cost with maturities in excess of 90 days.

#### E. Capital Assets

Capital assets include property, plant, and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**DEVILS LAKE PARK BOARD**

Notes to the Financial Statements – Continued

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<b>ASSETS</b>	<b>YEARS</b>
Infrastructure	10 – 30
Buildings	20 – 50
Playground Equipment	20
Vehicles and Equipment	5 – 15

F. Compensated Absences

All full-time employees and permanent part-time employees are granted vacation benefits. Vacation time is earned on a month-to-month basis based on length of service. Vacation time is allowed to accrue to a maximum of 200 hours. When the limit is reached, employees will cease to accrue more vacation time until existing levels fall below 200 hours. Vested or accumulated vacation leave is reported in the government-wide statement of net position. No liability is recorded for non-vesting accumulating rights to receive sick leave benefits.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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

H. Fund Balances / Net Position

Fund balance classifications comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

***Fund Balance Spending Policy:***

It is the policy of Devils Lake Park Board to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

***Fund Balance Reporting and Governmental Fund Type Definitions***

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

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

**DEVILS LAKE PARK BOARD**

Notes to the Financial Statements – Continued

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

Devils Lake Park Board only has restricted and unassigned fund balances at December 31, 2013.

Restricted Fund Balances – consist of the following items at December 31, 2013:

Restricted fund balances are shown by primary function on the balance sheet for general government, debt service and capital projects. Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3<sup>rd</sup> parties (for debt service and capital projects).

Special Revenue Funds – Restricted Fund Balances:

Restricted tax levies – includes fund balances for various tax levies other than the general fund reported in the other governmental funds column.

**Net Position:**

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

Unrestricted net position is primarily unrestricted amounts related to the general fund. The unrestricted net position is available to meet the park board's ongoing obligations.

Net investment in capital assets is reported for capital assets less accumulated depreciation. The resources needed to repay this related debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

**DEVILS LAKE PARK BOARD**

## Notes to the Financial Statements – Continued

Restrictions of net position shown in the net position statement are restricted for capital projects and for 'general government' type purposes that include social security and pension.

**NOTE 2: LEGAL COMPLIANCE - BUDGETS****BUDGET AMENDMENTS**

The governing board approved the following budget amendments to the Park Board budget.

	<b>EXPENDITURES</b>		
	<b>Original Budget</b>	<b>Budget Amendment</b>	<b>Amended Budget</b>
General Fund	\$921,656	\$34,267	\$955,923
Social Security	32,200	362	32,562

**NOTE 3: DEPOSITS**

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

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

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

At year ended December 31, 2013, the Park Board's carrying amount of deposits was \$364,113, and the bank balance was \$387,374. Of the bank balances, \$349,879 was covered by Federal Depository Insurance. The remaining bank balances totaling \$37,495 were collateralized with securities held by the pledging financial institution's agent in the government's name.

**Credit Risk:**

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

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

As of December 31, 2013, the Park Board held certificates of deposit in the amount of \$2,221, which are all considered deposits.

## DEVILS LAKE PARK BOARD

### Notes to the Financial Statements – Continued

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#### Concentration of Credit Risk:

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

#### NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from individuals for services performed by the Park Board. No allowance has been established for estimated uncollectible accounts receivable.

#### NOTE 5: INTERGOVERNMENTAL RECEIVABLES

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

#### NOTE 6: DUE FROM COUNTY

Due from county represents tax amounts collected prior to year-end by county auditor's office not distributed to the district at year-end.

#### NOTE 7: TAXES RECEIVABLE

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

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

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

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

#### NOTE 8: ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2013 and chargeable to the appropriations for the year then ended, but paid for subsequent to that date.

#### NOTE 9: SALARIES PAYABLE

Salaries payable consists of amounts earned by employees prior to year-end, but paid subsequent to year-end.

#### NOTE 10: DEFERRED INFLOWS OF RESOURCES

Devils Lake Park Board early implemented provisions of GASB 65 "Items Previously Reported as Assets and Liabilities" during the year ended December 31, 2013. Prior to GASB 65, the offset to taxes receivable was reported as a liability in the balance sheet, but is now reported as a deferred inflow of resources under the provisions of GASB 65.

**DEVILS LAKE PARK BOARD**

## Notes to the Financial Statements – Continued

Deferred inflows of resources in the fund financial statements consist of amounts for taxes receivable for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, uncollected taxes are measurable but not available.

**NOTE 11: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2013:

<b>PRIMARY GOVERNMENT: Governmental Activities:</b>	<b>Balance 1-1-13</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12-31-13</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 245,596	\$ -	\$ -	\$ 245,596
<i>Capital assets being depreciated:</i>				
Buildings	\$3,056,991	\$ -	\$ -	\$3,056,991
Infrastructure	2,305,306	12,300	-	2,317,606
Playground Equipment	73,500	194,424	8,000	259,924
Vehicles and Equipment	271,921	24,571	14,700	281,792
<b>Total Capital Assets, Being Depreciated</b>	<b>\$5,707,718</b>	<b>\$231,295</b>	<b>\$22,700</b>	<b>\$5,916,313</b>
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,977,201	\$ 56,421	\$ -	\$2,033,622
Infrastructure	1,046,060	67,019	-	1,113,079
Playground Equipment	39,950	16,237	8,000	48,187
Vehicles and Equipment	189,619	18,322	14,700	193,241
<b>Total Accumulated Depreciation</b>	<b>\$3,252,830</b>	<b>\$157,999</b>	<b>\$22,700</b>	<b>\$3,388,129</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$2,454,888</b>	<b>\$ 73,296</b>	<b>\$ -</b>	<b>\$2,528,184</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$2,700,484</b>	<b>\$ 73,296</b>	<b>\$ -</b>	<b>\$2,773,780</b>

Depreciation expense was charged to functions/programs of the Park Board as follows:

<b>Governmental Activities:</b>	<b>Amounts</b>
General Operations	\$ 78,711
Culture and Recreation	79,288
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$157,999</b>

**NOTE 12: INTEREST PAYABLE**

Interest payable consists of the portion of interest accrued on long-term debt (line of credit payable) outstanding at December 31, 2013.

**NOTE 13: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities** - During the year ended December 31, 2013, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:

<b>Governmental Activities:</b>	<b>Balance 1-1-13</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12-31-13</b>	<b>Due Within One Year</b>
Special Assessments	\$372,854	\$ -	\$48,936	\$323,918	\$ 48,936
Line of Credit	125,000	-	50,000	75,000	75,000
Compensated Absences *	25,560	3,745	-	29,305	2,931
<b>Total Governmental Activities</b>	<b>\$523,414</b>	<b>\$3,745</b>	<b>\$98,936</b>	<b>\$428,223</b>	<b>\$126,867</b>

\* - The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions.

**DEVILS LAKE PARK BOARD**

## Notes to the Financial Statements – Continued

Long-term debt at December 31, 2013 is comprised of the following individual issues:

Special Assessments Payable to the city represents special assessments levied by the City of Devils Lake, ND against the Park Board for the board's share of the benefit derived from city funded improvements. Payable in annual installments of \$36,510 to \$48,729 through 2018; with interest at 5.5% to 6.0%.	\$323,918
Loan Payable to Bremer Bank, due in annual installments of \$50,000 to \$125,000 through 2013; with interest at 3.25%.	<u>75,000</u>
<b>Total Long-Term Debt</b> (excluding compensated absences and capital leases)	<u><b>\$398,918</b></u>

The annual debt service requirements for all long-term debt outstanding, except compensated absences and capital leases, as of December 31, 2013 are as follows:

Year Ending December 31	GOVERNMENTAL ACTIVITIES			
	Special Assessments		Loan Payable	
	Principal	Interest	Principal	Interest
2014	\$ 48,936	\$19,385	\$75,000	\$1,016
2015	38,936	16,499	-	-
2016	38,936	14,163	-	-
2017	38,936	11,827	-	-
2018	38,936	9,490	-	-
2019 - 2023	117,621	15,085	-	-
2024 - 2028	1,617	97	-	-
<b>Total</b>	<b>\$323,918</b>	<b>\$86,546</b>	<b>\$75,000</b>	<b>\$1,016</b>

**NOTE 14: RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Devils Lake Park Board pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and two million automobile liability and \$273,000 for public assets coverage.

The Devils Lake Park Board also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Devils Lake Park Board pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of two million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides political subdivision with blanket fidelity bond coverage in the amount of \$343,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

**DEVILS LAKE PARK BOARD**

## Notes to the Financial Statements – Continued

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

**NOTE 15: PENSION PLAN**

The Park Board contributes to a simplified employee pension plan for Park Board employees in the form of a deferred compensation program. The Park Board contributes 8% of employee's salary to the plan and employees can contribute any amount to the plan. For the years ended December 31, 2013, 2012, and 2011, the Park Board contributed \$18,099, \$18,425, and \$21,399, respectively.

**NOTE 16: TRANSFERS**

The Park Board made the following transfers in 2013:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$28,000	\$94,000
Capital Projects	66,000	-
<b>Total Transfers</b>	<b>\$94,000</b>	<b>\$94,000</b>

**NOTE 17: PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments for the 2013 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds consist of a beginning balance adjustment to include prior year transfers out in the general fund (\$28,829) and debt service fund (\$21,171) and to include a transfer in in the capital project fund (\$50,000). The effect of the prior period adjustment to beginning fund balance is as follows:

	<b>General Fund</b>
General Fund balance, as previously reported	\$297,257
<b>Adjustments to restate the January 1 fund balance</b>	
Beginning Balance Adjustment	(28,829)
<b>Fund Balance January 1, 2013 as restated</b>	<b>\$268,428</b>

	<b>Debt Service Fund</b>
Debt Service Fund balance, as previously reported	\$114,840
<b>Adjustments to restate the January 1 fund balance</b>	
Beginning Balance Adjustment	(21,171)
<b>Fund Balance January 1, 2013 as restated</b>	<b>\$ 93,669</b>

	<b>Capital Project Fund</b>
Capital Project Fund balance, as previously reported	\$(28,372)
<b>Adjustments to restate the January 1 fund balance</b>	
Beginning Balance Adjustment	50,000
<b>Fund Balance January 1, 2013 as restated</b>	<b>\$ 21,628</b>

DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 440,000	\$ 440,000	\$ 438,788	\$ (1,212)
Intergovernmental	230,068	230,068	233,752	3,684
Charges for Services	239,900	239,900	257,763	17,863
Interest	700	700	909	209
Concession Income	71,500	71,500	73,641	2,141
Miscellaneous	21,300	21,300	18,928	(2,372)
<b>Total Revenues</b>	<b>\$ 1,003,468</b>	<b>\$ 1,003,468</b>	<b>\$ 1,023,781</b>	<b>\$ 20,313</b>
<u>Expenditures:</u>				
Current:				
Culture and Recreation	\$ 304,320	\$ 332,891	\$ 330,921	\$ 1,970
General Government	563,135	568,832	561,714	7,118
Debt Service:				
Principal	50,000	50,000	50,000	-
Interest and Fees	4,200	4,200	2,765	1,435
<b>Total Expenditures</b>	<b>\$ 921,655</b>	<b>\$ 955,923</b>	<b>\$ 945,400</b>	<b>\$ 10,523</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ 81,813</b>	<b>\$ 47,545</b>	<b>\$ 78,381</b>	<b>\$ 30,836</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Transfers Out	(94,000)	(94,000)	(94,000)	-
<b>Total Other Financing Sources and Uses</b>	<b>\$ (66,000)</b>	<b>\$ (66,000)</b>	<b>\$ (66,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 15,813</b>	<b>\$ (18,455)</b>	<b>\$ 12,381</b>	<b>\$ 30,836</b>
Fund Balance - January 1	\$ 297,257	\$ 297,257	297,257	-
<b>Fund Balance - December 31</b>	<b>\$ 313,070</b>	<b>\$ 278,802</b>	<b>\$ 280,809</b>	<b>\$ 2,007</b>

The accompanying required supplementary information notes are an integral part of this schedule.

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2013

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NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) and in state law for the General Fund, Special Revenue Funds, and Debt Service Funds. A budgetary comparison schedule is presented for the general fund.

- The park board adopts an “appropriated budget” on the modified accrual basis of accounting.
- Annually on or before September tenth, the park board prepares a preliminary budget.
- The preliminary budget includes the estimated revenues and appropriations for the general fund, each special revenue fund and each debt service fund of the park board.
- The park board shall meet and hear any and all protests or objections to the items or amounts set forth in the preliminary budget. At the hearing, the park board shall make any changes in the items or amounts shown in the preliminary budget. The final budget is prepared which includes a summary of the amounts levied for each fund and the total amount levied.
- After the budget hearing and on or before October 7th, the park board adopts the final budget.
- The final budget must be filed with the county auditor by October 10th.
- Each budget is controlled by the park board business manager at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2013

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	Social Security	Employee Retirement	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 26,454	\$ 27,137	\$ 53,591
Due from County	124	177	301
Taxes Receivable	574	823	1,397
Total Assets	<u>\$ 27,152</u>	<u>\$ 28,137</u>	<u>\$ 55,289</u>
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>Deferred Inflows of Resources:</u>			
Taxes Receivable	\$ 574	\$ 823	\$ 1,397
<u>Fund Balances:</u>			
<u>Restricted for:</u>			
General Government	\$ 26,578	\$ 27,314	\$ 53,892
Total Liabilities and Fund Balances	<u>\$ 27,152</u>	<u>\$ 28,137</u>	<u>\$ 55,289</u>

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2013

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	Social Security	Employee Pension	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 34,015	\$ 22,933	\$ 56,948
<u>Expenditures:</u>			
Current:			
General Government	\$ 32,562	\$ 19,244	\$ 51,806
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,453	\$ 3,689	\$ 5,142
Fund Balance - January 1	\$ 25,125	\$ 23,625	\$ 48,750
Fund Balance - December 31	\$ 26,578	\$ 27,314	\$ 53,892

**STATE AUDITOR**

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



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

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

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

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Park Board Commissioners  
Devils Lake Park Board  
Devils Lake, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Devils Lake Park Board's basic financial statements, and have issued our report thereon dated April 10, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Devils Lake Park Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Devils Lake Park Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Devils Lake Park Board'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **DEVILS LAKE PARK BOARD**

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* - Continued

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### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
April 10, 2014

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DEVILS LAKE PARK BOARD  
Devils Lake, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2013

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**Section I - Summary of Auditor's Results**

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Financial Statements

Type of Auditor's Reports Issued?

Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	<u>  X  </u> None reported
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> None reported
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> None reported

**Section II - Financial Statement Findings**

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No matters were reported.