

VALLEY CITY PARK DISTRICT  
VALLEY CITY, NORTH DAKOTA

FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

VALLEY CITY PARK DISTRICT  
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**Harold J. Rotunda**  
**Certified Public Accountant**  
INDEPENDENT AUDITOR'S REPORT

Governing Board  
Valley City Park District  
Valley City, North Dakota

I have audited the accompanying cash basis financial statements of the governmental activities, each major fund and aggregate remaining fund information of Valley City Park District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 in 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Valley City Park District as of December 31, 2017, and the changes in cash basis financial position and cash flows, where applicable, thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. My opinion is not modified with respect to that matter.

### **Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Valley City Park District's basic financial statements. The Schedule of Activity is presented for purposes of additional analysis and is not a required part of the basis financial statements.

The Schedule of Activity is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basis 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 my opinion, the Schedule of Activity is fairly stated, in all material respects, in relation to the basis financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued reports dated December 20, 2019, on my considerations of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 District's internal control over financial reporting and compliance.



West Fargo, North Dakota  
December 20, 2019

VALLEY CITY PARK DISTRICT  
STATEMENT OF NET POSITION- CASH BASIS  
DECEMBER 31, 2017

ASSETS

Cash and investments 1,623,291.01

Total Assets 1,623,291.01

LIABILITIES

Total liabilities -

NET POSITION

Invested in capital assets, net of related debt

Restricted for:

Capital projects 839,769.22

Debt service 393,911.99

Unrestricted 389,609.80

Total Net Position 1,623,291.01

The accompanying notes are an integral part of these financial statements.

VALLEY CITY PARK DISTRICT  
STATEMENT OF ACTIVITIES- CASH BASIS  
YEAR ENDED DECEMBER 31, 2017

		Program Revenues		Net (expense) Revenue & Change in Net Position
	Expenses	Charges for Services	Operating grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Program				
Grounds	227,138.30			(227,138.30)
Recreation	114,157.10	767,170.27		653,013.17
Pool	62,237.42	47,436.80		(14,800.62)
Golf Course	202,257.92	124,039.41		(78,218.51)
Audi/Rec Center	74,035.87	-	20,000.00	(54,035.87)
Fitness center	850,778.02	292,142.63		(558,635.39)
Support Services				
Administrative	344,644.53			(344,644.53)
Capital outlays	-		-	-
Debt Service				
Interest expense	12,000.00			(12,000.00)
Wellness Center	1,705,995.21		-	(1,705,995.21)
<b>Total Governmental Activities</b>	<b>3,593,244.37</b>	<b>1,230,789.11</b>	<b>20,000.00</b>	<b>(2,342,455.26)</b>
<b>General Revenues</b>				
<b>Taxes:</b>				
				585,147.47
Property taxes				
Other tax revenue				
Debt proceeds				465,000.00
State aid not restricted to specific program:				137,303.85
Contributions				771,249.92
Interest income and other revenue				165,584.64
<b>Total General Revenues</b>				<b>2,124,285.88</b>
<b>Change in Net Position</b>				<b>(218,169.38)</b>
<b>Net Position- Beginning</b>				<b>1,841,460.39</b>
<b>Net Position- Ending</b>				<b>1,623,291.01</b>

The accompanying notes are an integral part of these financial statements.

VALLEY CITY PARK DISTRICT  
 BALANCE SHEET-CASH BASIS- GOVERNMENTAL FUNDS  
 DECEMBER 31, 2017

	GENERAL	WELLNESS CENTER	CONSTRUCTION	OTHER GOVERNMENTAL	TOTAL GOVERNMENTAL
<b>ASSETS</b>					
Cash and investments	389,609.80	839,769.22	387,346.02	6,565.97	1,623,291.01
Total Assets	389,609.80	839,769.22	387,346.02	6,565.97	1,623,291.01
<b>LIABILITIES</b>					
Total liabilities	-	-	-	-	-
<b>NET POSITION</b>					
Restricted for Capital Projects		839,769.22	387,346.02	-	1,227,115.24
Restricted for Debt Service				6,565.97	6,565.97
Unreserved	389,609.80	-	-	-	389,609.80
Total Net Position	389,609.80	839,769.22	387,346.02	6,565.97	1,623,291.01

The accompanying notes are an integral part of these financial statements.

VALLEY CITY PARK DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-CASH BASIS- GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2017

	GENERAL	WELLNESS CENTER	CONSTRUCTION	OTHER GOVERNMENTAL	TOTAL GOVERNMENTAL
Property taxes	479,865.71		76,400.00	28,881.76	585,147.47
Intergovernmental	133,120.92		3,039.92	1,143.01	137,303.85
Interest	3,573.64	-			3,573.64
Charges for services	1,230,789.11				1,230,789.11
Contributions	13,491.19	729,982.23	27,776.50	-	771,249.92
Miscellaneous	182,011.00				182,011.00
<b>Total Revenues</b>	<b>2,042,851.57</b>	<b>729,982.23</b>	<b>107,216.42</b>	<b>30,024.77</b>	<b>2,910,074.99</b>
<b>Current:</b>					
<b>Program</b>					
Grounds	227,138.30				227,138.30
Recreation	114,157.10				114,157.10
Pool	62,237.42				62,237.42
Golf course	202,257.92				202,257.92
Wellness center	850,778.02				850,778.02
Audi/rec center	74,035.87				74,035.87
<b>Support Services</b>					
Administrative	329,526.76		15,027.76	90.01	344,644.53
Capital outlays	-	1,034,429.95	671,565.26	-	1,705,995.21
<b>Debt Service</b>					
Interest expense	-	-	12,000.00	-	12,000.00
<b>Total Expenditures</b>	<b>1,860,131.39</b>	<b>1,034,429.95</b>	<b>698,593.02</b>	<b>90.01</b>	<b>3,593,244.37</b>
<b>Excess revenues (expenditures)</b>	<b>182,720.18</b>	<b>(304,447.72)</b>	<b>(591,376.60)</b>	<b>29,934.76</b>	<b>(683,169.38)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in		25,000.00	133,662.11	-	158,662.11
Transfers out	(158,662.11)			-	(158,662.11)
Debt proceeds			465,000.00		465,000.00
<b>Total other financing sources and uses</b>	<b>(158,662.11)</b>	<b>25,000.00</b>	<b>598,662.11</b>	<b>-</b>	<b>465,000.00</b>
<b>Net change in fund balances</b>	<b>24,058.07</b>	<b>(279,447.72)</b>	<b>7,285.51</b>	<b>29,934.76</b>	<b>(218,169.38)</b>
<b>Fund Balance- Beginning</b>	<b>365,551.73</b>	<b>1,119,216.94</b>	<b>380,060.51</b>	<b>(23,368.79)</b>	<b>1,841,460.39</b>
<b>Fund Balance- Ending</b>	<b>389,609.80</b>	<b>839,769.22</b>	<b>387,346.02</b>	<b>6,565.97</b>	<b>1,623,291.01</b>

The accompanying notes are an integral part of these financial statements.



VALLEY CITY PARK DISTRICT  
VALLEY CITY, NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Valley City Park District (District) have been prepared on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). 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 District's accounting policies are described below.

A. Reporting Entity

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

Based on these criteria, there are no component units.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

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

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

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

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenses/expenditures. Funds are organized into two major categories: governmental and proprietary. The District currently has no fiduciary funds.

The District reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

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

Government-wide Financial Statements. In the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the cash basis of accounting, is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

In the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using a cash basis of accounting. This basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from cash transactions in the government-wide statements. This basis is a comprehensive of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

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

#### D. Budgets

Based upon available financial information and requests by the board, the clerk prepares the district budget. The budget is prepared for the general, special revenue and debt service funds on the cash basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

District taxes must be levied by the governing board on or before the October 7. The taxes levied must be certified to the County auditor by October 10. The governing body of the District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year, but the certification must be filed with the County auditor by October 10. 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.

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

E. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

F. Capital Assets

The District records capital assets as disbursements at the time of purchase.

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 assets. 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 Balance/ Net Position

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

**Restricted** - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

**Committed** - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the District council-the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

**Unassigned** - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

The council has not set a General Fund minimum fund balance.

I. Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

J. Use of estimates

The preparation of financial statements in conformity with the Other comprehensive basis of accounting (OCBOA) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The board did not amend the General fund budget for 2017.

EXPENDITURES OVER APPROPRIATIONS

The district did not overspend the budget for any individual funds. No remedial action is required by the district.

NOTE 3 DEPOSITS AND INVESTMENTS

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

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

Authorized collateral includes bills, notes, or bonds issued by the United State government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, notes, warrants, and 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, instrumentalities, or by any District, District, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States, or such other securities approved by the banking board.

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

At December 31, 2017, the District's carrying amount of deposits was \$1,836,589. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,586,589 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

State statutes authorize the District to invest in:(1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.(2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.(3) Certificates of Deposit fully insured by the federal deposit insurance corporation or the state.(4) Obligations of the state.

Concentration of Credit Risk

The District does not have a limit on the amount it may invest in any one issuer.

NOTE 4: PROPERTY TAXES

Taxes receivable represents the past five years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable. The county treasurer acts as and 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.

VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

NOTE 5: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2017, the following changes occurred in liabilities reported in long-term debt:

	Payable 2014	Increases	Decreases	Payable 2017	Due Within One Year
Bonds Payable	5,340,000			5,340,000	255,000
Notes payable	5,031,810	465,000	384,886	5,111,924	

BONDS PAYABLE

Bonds payable consist of the following:

	Original Amount	Maturity Date	Interest Rate	Balance Outstanding
Refunding 2017	5,340,000	05/01/2036	1.70-4.75%	5,340,000

GOVERNMENTAL ACTIVITIES

Year Ending December 31	Bonds Payable	
	Principal	Interest
2018	255,000	183,155
2019	265,000	174,503
2020	230,000	165,495
2021	235,000	157,690
2022	245,000	191,492
2023-2027	1,290,000	655,975
2028-2032	1,285,000	433,955
2033-2036	1,535,000	182,230
TOTAL	5,340,000	2,144,495

NOTES PAYABLE

Note payable due in quarterly installments of interest due at 2.85%. Principal is due in full in January 2021. District has the right to make principal payments as donations are received. Note is secured by pledges receivable and personal guarantee. Note used for Wellness Center

4,631,232

Notes payable due in semi-annual installments of \$10,000, including interest at 4.50%, through October 2018. Note used for shop mower.

16,560

Notes payable due in monthly installments of \$2,960, including interest at 4.50%, through December 2022; monthly installments of \$3,026, including interest through October 2027; balloon payment of \$289,715. Note used for park shop.

464,132  
 5,111,924  
 =====



VALLEY CITY PARK DISTRICT  
Notes to Financial Statements- Continued

NOTE 6: RISK MANAGEMENT

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

In 1986 state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The district pays an annual premium to NDRIF for its general liability and automobile insurance coverage. The coverage by NDRIF is limited to losses of one million dollars per occurrence.

The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$350,000 for its employees. The State Bonding fund does not currently charge any premium for this coverage.

The district has workers compensation with the Workforce, Safety and Insurance and purchases commercial insurance for personal property, building, inland marine, and boiler and machinery.

VALLEY CITY PARK DISTRICT  
 SCHEDULE OF ACTIVITY  
 DECEMBER 31, 2017

	BEGINNING BALANCE	REVENUES	EXPENSES	TRANSFERS IN (OUT)	END BALANCE
GENERAL FUND	365,551.73	2,042,851.57	1,860,131.39	(158,662.11)	389,609.80
SOCIAL SECURITY	166.74	90.01	90.01		166.74
SHARE COST IMPROVEMENT	(23,684.05)	29,934.76			6,250.71
PENSION	148.52				148.52
CONSTRUCTION	380,060.51	572,216.42	698,593.02	133,662.11	387,346.02
WELLNESS CENTER	1,119,216.94	729,982.23	1,034,429.94	25,000.00	839,769.23
<b>TOTAL</b>	<b>1,841,460.39</b>	<b>3,375,074.99</b>	<b>3,593,244.36</b>	<b>-</b>	<b>1,623,291.02</b>

**VALLEY CITY PARK DISTRICT**

**REPORTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**DECEMBER 31, 2017**

Valley City Park District  
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# Harold J. Rotunda

## Certified Public Accountant

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

### Independent Auditor's Report

Governing Board  
Valley City Park District  
Valley City, North Dakota

I 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 Valley City Park District as of and for the year ended December 31, 2017 , and the related notes to the financial statements, which collectively comprise basic financial statements, and have issued my report thereon dated December 20, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Valley City Park District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, I do not express an opinion on the effectiveness of 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify one deficiency in internal control, described in the accompanying schedule of findings that I consider to be a significant deficiency (2015-1).

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Valley City Park District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

#### **District's Response to Findings**

Valley City Park District's response to the finding identified in my audit is described in the accompanying schedule of findings. Valley City Park District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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 purpose.



Harold Rotunda, CPA  
December 20, 2019

VALLEY CITY PARK DISTRICT  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE Year ENDED DECEMBER 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Internal Control over financial reporting:

Material weaknesses identified?	_____	Yes	<u>  X  </u>	No
Significant deficiencies identified not Considered to be material weaknesses?	<u>  X  </u>	Yes	_____	No
Noncompliance material to financial statements Noted?	_____	Yes	<u>  X  </u>	No

Section II- Financial Statement Findings

Finding No. 2014-1

Condition

The limited number of staff prevents a proper segregation of duties.

Criteria

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

Effect

Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

VALLEY CITY PARK DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE Year ENDED DECEMBER 31, 2017

Recommendation

While I recognize that the District office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal accounting control, all accounting functions should be reviewed to determine if additional segregation is feasible and to improve the efficiency and effectiveness of the District.

Client Response

At the present time, the District has segregated the duties of all key accounting personnel in the most efficient manner possible, given its limited staff. Due to cost constraints, there will be no further administrative employees added.