

# **PARKS AND RECREATION DISTRICT CITY OF JAMESTOWN**

JAMESTOWN, NORTH DAKOTA

Basic Financial Statements  
As of  
December 31, 2018  
And  
Independent Auditor's Report



**DEMPSEY ACCOUNTING AND TAX SERVICES P.C.**

*Trusted Accounting Professionals*

**Beth A. Dempsey, CPA**

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Edgeley, ND 58433-7119

Parks and Recreation District  
City of Jamestown  
Jamestown, North Dakota

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Parks and Recreation District  
City of Jamestown  
Jamestown, North Dakota

**List of Officials**

<b>Officials</b>	<b>Office</b>
Mindi Schmitz	Chairman
Ron Olson	Vice - Chairman
Mark Ukestad	Commissioner
Mike Landscoot	Commissioner
Mike Soulis	Commissioner
Doug Hogan	Director
Bonnie Ukestad	Business Manager



# DEMPSEY ACCOUNTING AND TAX SERVICES P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Directors  
Parks and Recreation District, City of Jamestown  
Jamestown, North Dakota

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Parks and Recreation District**, City of Jamestown, North Dakota as of and for the year ended December 31, 2018, 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 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.

MEMBER OF  
American Institute of Certified Public Accountants  
North Dakota Society of Certified Public Accountants  
AICPA Division for CPA Firms

Parks and Recreation District, City of Jamestown  
**INDEPENDENT AUDITOR'S REPORT** (Continued)

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, business-type activities, each major fund, and the aggregate remaining fund information of **Parks and Recreation District**, City of Jamestown, North Dakota as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and employer retirement schedules on pages 7 through 13, 45 through 47 and 48 through 52 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.

Parks and Recreation District, City of Jamestown  
**INDEPENDENT AUDITOR'S REPORT** (Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019 on our consideration of **Parks and Recreation District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 **Parks and Recreation District's** internal control over financial reporting and compliance.

*Dempsey Accounting and Tax Services P.C.*

Dempsey Accounting and Tax Services P.C.  
Jamestown, North Dakota  
July 25, 2019

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

The discussion and analysis of Parks and Recreation District's financial performance provides an overview of the financial activities for the year ended December 31, 2018. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the year ended December 31, 2018 are as follows:

- \* Net position of the District increased by \$1,426,069 as a result of the current year's operations.
- Total revenues from all sources were \$6,591,159.
- Total expenditures were \$5,165,180.
- The District's net position from governmental activities totaled \$1,536,549.
- The District's general fund had \$1,547,389 in total revenues and transfers in and \$1,049,258 in total expenditures and transfers out. Overall, the general fund balance increased \$498,131 for the year ended December 31, 2018.
- The District's enterprise fund had \$5,124,770 in total revenues and transfers in and \$4,049,866 in total expenditures and transfers out. Overall, the enterprise fund balance increased \$1,074,904 for the year ended December 31, 2018.

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

**Government-Wide Financial Statements**

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to the other nonfinancial factors in addition to the financial

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenue provided.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader, whether, for the District as a whole, the financial position of the District has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, youth and adult programs and operation and maintenance of the plant and property. Also, included are the business-type activities which are intended to recover all or a significant part of their costs through user fees.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Parks and Recreation District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The District's funds can be divided into two categories - governmental and proprietary funds.

### **Governmental Funds**

The District's activities are reported in governmental funds which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance maintenance of parks and provide programs for youth and adults in the District.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of governmental fund statement of revenues, expenditures, and changes in fund balances and a reconciliation to facilitate the comparison between the government funds and the government-wide financial statements is provided.

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Parks and Recreation District maintains two individual governmental funds. Information is provided separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major fund: special revenue fund.

**Proprietary Funds**

Parks and Recreation District maintains one type of proprietary fund. Enterprise funds are used to report activities that charge for services it provides to outside customers. The enterprise funds are presented as business-type activities in the government-wide statements. Parks and Recreation District uses enterprise funds to account for Hillcrest Golf Course and the Bunker, the winter sports building and Two Rivers Activity Center.

Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail.

**Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

**Financial Analysis of the District as a Whole**

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end for governmental activities was \$1,536,549. This is a \$351,165 increase over last year's net position of \$1,185,384. The District's net position at fiscal year-end for business-type activities was \$3,101,638. This is a \$1,074,904 increase over last year's net position of \$2,026,734. The following tables provide a summary of the District's net position and the changes in net position at December 31, 2018 and 2017.

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** (Continued)

**Table 1:** Summary of Net Position

**GOVERNMENTAL ACTIVITIES**

	2017	2018	Variance
<b>ASSETS</b>			
Current assets & other assets	\$495,031	\$1,027,025	\$531,994
Capital assets (net of accumulated depreciation)	846,749	852,816	6,067
Total Assets	1,341,780	1,879,841	538,061
Deferred outflows of resources	421,949	686,490	264,541
<b>LIABILITIES</b>			
Current liabilities	8,441	5,267	3,174
Long-term liabilities	8,159	5,363	2,796
Net pension liability	546,749	967,709	(420,960)
Total Liabilities	563,349	978,339	(414,990)
Deferred inflows of resources	14,996	51,443	(36,447)
<b>NET POSITION</b>			
Net investment in capital assets	846,749	852,816	6,067
Restricted	235,163	231,781	(3,382)
Unrestricted	103,472	451,952	348,480
Total Net Position	\$1,185,384	\$1,536,549	\$351,165

**BUSINESS-TYPE ACTIVITIES**

	2017	2018	Variance
<b>ASSETS</b>			
Current assets & other assets	\$200,196	81,890	\$(118,306)
Capital assets (net of accumulated depreciation)	31,746,560	30,899,524	(847,036)
Total Assets	31,946,756	30,981,414	(965,342)
<b>LIABILITIES</b>			
Current liabilities	950,358	974,944	(24,586)
Long-term liabilities	28,969,664	26,904,832	2,064,832
Total Liabilities	29,920,022	27,879,776	2,040,246
<b>NET POSITION</b>			
Net investment in capital assets	31,746,560	30,899,524	(847,036)
Restricted	(29,719,826)	(27,797,886)	1,921,940
Total Net Position	\$2,026,734	\$3,101,638	\$1,074,904

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table 2:** Summary of Change in Net Position

**GOVERNMENTAL ACTIVITIES**

	<u>2017</u>	<u>2018</u>	<u>Variance</u>
<b>REVENUE</b>			
Program revenue			
Charges for services	\$35,214	\$38,939	\$3,725
Operating grants	145,010	64,860	(80,150)
General revenue			
Property taxes	843,744	996,094	152,350
Other sources	369,401	540,884	171,483
Total revenue	<u>\$1,393,369</u>	<u>\$1,640,777</u>	<u>\$247,408</u>
<b>FUNCTIONS/PROGRAM EXPENSES</b>			
Personnel services	\$772,543	\$807,700	\$(35,157)
Special assessments	134,558	68,456	66,102
Maintenance and operations	607,722	413,456	194,266
Total Functions/Program Expenses	<u>\$1,514,823</u>	<u>\$1,289,612</u>	<u>\$225,211</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u><u>\$(121,454)</u></u>	<u><u>\$351,165</u></u>	<u><u>\$472,619</u></u>

**BUSINESS-TYPE ACTIVITIES**

	<u>2017</u>	<u>2018</u>	<u>Variance</u>
<b>REVENUE</b>			
Program revenue			
Charges for services	\$867,825	\$1,712,322	\$844,497
Operating grants	-	8,655	8,655
General revenue			
Other sources	2,639,815	3,403,793	763,978
Total revenue	<u>\$3,507,640</u>	<u>\$5,124,770</u>	<u>\$1,617,130</u>
<b>FUNCTIONS/PROGRAM EXPENSES</b>			
Hillcrest golf course and bunker	\$530,541	\$535,145	\$(4,604)
Winter sports building	401,413	464,286	(62,873)
Two Rivers Activity Center	1,712,434	3,050,435	(1,338,001)
Total Functions/Program Expenses	<u>\$2,644,388</u>	<u>\$4,049,866</u>	<u>\$(1,405,478)</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u><u>\$863,252</u></u>	<u><u>\$1,074,904</u></u>	<u><u>\$211,652</u></u>

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Financial Analysis of the District's Governmental Funds**

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unreserved fund balance generally may be used as a measure of the District's resources available for spending at the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting.

The District derived its revenue from local and state sources. Local financial resources include a general fund property tax levy and special assessments. State revenues were generated primarily from revenue sharing.

Local Revenue	\$1,249,648
State Revenue	\$188,246

The District's governmental funds had total revenues and transfers in of \$1,612,283 and expenditures and transfers out of \$1,117,804 for the year ended December 31, 2018. As of December 31, 2018 the unrestricted fund balance of the District's governmental fund was \$753,454.

**General Fund Budget Highlights**

During the course of fiscal year 2018 the District's original budget was not amended. Actual revenue for the District's General Fund for the year ended December 31, 2018 was \$507,776 more than budgeted. This was due to more tax money collected in the year than was budgeted for and a transfer in from the enterprise fund. Actual expenditures for the District's General Fund for the year ended December 31, 2018 were over the original budget by \$9,645 because of higher operation expenses than expected.

**Capital Assets**

Parks and Recreation District's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$31,752,340 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, and machinery and equipment. As indicated in Note 5, capital assets increased \$83,899 during the fiscal year with the purchase of equipment for the golf course, Jack Brown Stadium and parks maintenance. The municipal swimming pool was demolished in 2018.

**Debt Administration**

As of December 31, 2018 the District had \$27,880,750 in outstanding long-term debt. Of the \$27,880,750 in outstanding debt, \$970,555 is due within one year. The District decreased its debt by making annual bond and lease payments of \$2,035,610.

Parks and Recreation District, City of Jamestown  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Significant Factors that can affect the Financial Positions or Results or Operations in the Future**

2018 was the first full year of operation for our Two Rivers Activity Center (TRAC). The \$28.6 million facility includes an aquatics center, child care center, individual cardio and weight training equipment, group fitness classrooms, multi-use courts, indoor field turf, walking/jogging track, locker rooms and party rooms.

We also, continue to pay revenue bond for Wilson Arena, leased equipment & update facilities as able. In addition, a 3 year commercial loan of \$183,000 was taken out in January of 2019 to pay for the outdoor pool demolition in late 2018.

We now have 24 full-time employees, the highest number to date. Also, the highest number of employees paid in a given month for 2018 was 157.

Major purchases/projects in 2018 included a \$14,000.00 bucket truck, \$25,670.00 to shingle the grandstand at Jack Brown Stadium and \$28,500.00 to erect a foul ball structure on top of the grand stand at Jack Brown Stadium, \$8,886.92 to replace 2 AC units at Hillcrest ProShop and \$5,546.00 to paint the beams in Eagles Arena.

Future projects for Jamestown Parks and Recreation Department includes the demolition & replacement of the 1<sup>st</sup> Base bleachers at Jack Brown Stadium. This project will fall over 2 budget cycles 2019 & 2020, with the demolition in the fall of 2019 and construction completed in spring of 2020. The project will cost around \$383,083.00 with the majority being paid with fundraised dollars. The board of commissioners has approved \$145,000.00 total to the project over 2 budget cycles from the Facilities funds.

We continue a capital campaign to raise an additional \$12 million for Phase II at the Two Rivers Activity Center (TRAC). Phase II is broken down into three milestones. **Milestone One:** \$3 million toward the construction of outdoor water play features on the grounds of TRAC and \$1 million in Endowment Fund. **Milestone Two:** \$3 million towards the construction of additional indoor space on the TRAC facility to include a playground for toddlers/preschool aged children, racquetball/wallyball courts, climbing wall and \$1 million in the Endowment Fund. **Milestone Three:** \$3 million toward the construction of an additional multi-purpose court in the TRAC gymnasium and \$1 million in the Endowment Fund. Milestone One of Phase II is more than half-way to the goal.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of Parks and Recreation District, City of Jamestown's finances and to show the accountability for the money received. Anyone who has questions about the information contained in this report or is interested in receiving additional information is encouraged to contact Parks and Recreation District, City of Jamestown, Box 2014, Jamestown, North Dakota 58402-2014; phone (701) 252-3982.

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF NET POSITION**  
As of December 31, 2018

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$986,132	\$81,890	\$1,068,022
Taxes receivable	40,893	-	40,893
Deferred outflows of resources:			
Pension related	686,490	-	686,490
Total current assets & deferred outflows of resources	\$1,713,515	\$81,890	\$1,795,405
Noncurrent Assets:			
Capital assets	\$2,879,716	\$33,260,755	\$36,140,471
Less accumulated depreciation	2,026,900	2,361,231	4,388,131
Total noncurrent assets	\$852,816	\$30,899,524	\$31,752,340
Total Assets and Deferred Outflows of Resources	<u>\$2,566,331</u>	<u>\$30,981,414</u>	<u>\$33,547,745</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payroll taxes payable	\$2,675	\$ -	\$2,675
Sales tax payable	-	6,981	6,981
Long-term liabilities			
Due within one year			
Lease payable	2,592	32,963	35,555
Bond payable	-	935,000	935,000
Due in more than one year			
Lease payable	5,363	44,832	50,195
Bond payable	-	26,860,000	26,860,000
Net pension liability	967,709	-	967,709
Deferred inflows of resources			
Pension related	51,443	-	51,443
Total Liabilities and Deferred Inflows of Resources	<u>\$1,029,782</u>	<u>\$27,879,776</u>	<u>\$28,909,558</u>
<b>NET POSITION</b>			
Investment in capital assets	\$852,816	\$30,899,524	\$31,752,340
Restricted			
Special revenue fund	231,781	-	231,781
Debt service fund	-	(27,797,886)	(27,797,886)
Unrestricted	451,952	-	451,952
Total Net Position	<u>\$1,536,549</u>	<u>\$3,101,638</u>	<u>\$4,638,187</u>

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

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF ACTIVITIES**  
As of December 31, 2018  
Program Revenues

**FUNCTION / PROGRAMS**

Governmental Activities:

Personnel services	\$627,142
Special assessments	68,456
Operations and maintenance	413,456
Pension expense	180,558
Total governmental activities	1,289,612

Business-type Activities:

Hillcrest Golf Course & Bunker	575,835
Winter Sports Building	330,375
Two Rivers Activity Center	2,969,268
Total business-type activities	3,875,478
Total primary government	\$5,165,090

General Revenues:

Tax receipts	
Intergovernmental revenue	
Interest Income	
Rental Income	
Other sources	

Total general revenues  
Transfers in(out)

Total general revenues and transfers

Changes in net position  
Net position beginning  
Net position ending

Net (Expense) Revenue & Change in Net Position

Primary Government			
	Governmental Activities	Business-type Activities	Total
	\$ (627,142)	\$ -	\$ (627,142)
	(3,596)	-	(3,596)
	(374,517)	-	(374,517)
	(180,558)	-	(180,558)
	(1,185,813)	-	(1,185,813)
	-	(322,464)	(322,464)
	-	(208,770)	(208,770)
	-	(1,623,267)	(1,623,267)
	-	(2,154,501)	(2,154,501)
	\$ (1,185,813)	\$ (2,154,501)	\$ (3,340,314)
	\$996,094	\$3,226,826	\$4,222,920
	188,246	111,878	300,124
	1,731	78	1,809
	3,010	-	3,010
	173,508	65,012	238,520
	1,362,589	3,403,794	4,766,383
	174,389	(174,389)	-
	1,536,978	3,229,405	4,766,383
	351,165	1,074,904	1,426,069
	1,185,384	2,026,734	3,212,118
	\$1,536,549	\$3,101,638	\$4,638,187

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

Parks and Recreation District  
City of Jamestown  
**BALANCE SHEET**  
**GOVERNMENT FUNDS**  
As of December 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Assets:			
Cash and cash equivalents	\$756,129	\$230,003	\$986,132
Taxes receivable	39,115	1,778	40,893
Total Assets	<u>\$795,244</u>	<u>\$231,781</u>	<u>\$1,027,025</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>			
Liabilities			
Payroll taxes payable	\$2,675	\$ -	\$2,675
Total liabilities	<u>2,675</u>	<u>-</u>	<u>2,675</u>
Deferred inflows of resources			
Unavailable revenue – property taxes	39,115	1,778	40,893
Total deferred inflows of resources	<u>39,115</u>	<u>1,778</u>	<u>40,893</u>
Fund Balances			
Restricted for:			
Pension	48,186	-	48,186
Special assessments	-	230,003	230,003
Unassigned – general fund	1,303,809	-	1,303,809
Unassigned – social security	(598,541)	-	(598,541)
Total fund balance	<u>753,454</u>	<u>230,003</u>	<u>983,457</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$795,244</u>	<u>\$231,781</u>	<u>\$1,027,025</u>

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

Parks and Recreation District  
City of Jamestown  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
As of December 31, 2018

<b>Total fund balances - governmental funds</b>	<b>\$983,457</b>
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Amounts reported for government activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.

Cost	2,879,716	
Accumulated Depreciation	<u>(2,026,900)</u>	
Net Capital Assets		852,816

Property taxes receivable will be collected after year end, but are not available soon enough to pay the current period's expenditures and therefore, are reported as deferred inflows of resources in the funds.	40,893
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A deferred outflow of resources related to pensions is not considered an asset for the governmental fund financials, but are reported in the governmental activities of the Statement of Net Position.

Pension related deferred outflows of resources	686,490
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Long-term liability consist of:

Lease payable	(7,955)
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A net pension obligation should be reported as a liability in the government-wide Statement of Net Position. Conversely, a net pension obligation is not considered to represent a financial liability, therefore, it is not properly reported in a government fund.

Net pension liability	(967,709)
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A deferred inflow of resources related to pensions is not considered a liability for the governmental fund financials, but are reported in the governmental activities of the Statement of Net Position.

Pension related deferred inflows of resources	<u>(51,443)</u>
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<b>Total net position - governmental activities</b>	<b><u>\$1,536,549</u></b>
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Parks and Recreation District  
City of Jamestown  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE GOVERNMENTAL FUNDS**  
As of December 31, 2018

<b>REVENUE</b>	General Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$968,116	\$64,344	\$1,032,460
Intergovernmental revenue	188,246	-	188,246
Charges for services	41,949	-	41,949
Interest Income	1,181	550	1,731
Other sources	173,508	-	173,508
Total revenues collected	<u>\$1,373,000</u>	<u>\$64,894</u>	<u>\$1,437,894</u>
 <b>EXPENDITURES</b>			
Current			
Personal services	\$627,142	\$ -	\$627,142
Special assessments	-	68,546	68,546
Operations and maintenance	342,805	-	342,805
Debt service			
Lease payable	2,592	-	2,592
Capital outlays	76,719	-	76,719
Total expenditures and capital outlays	<u>\$1,049,258</u>	<u>\$68,546</u>	<u>\$1,117,804</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$323,742</u>	 <u>\$(3,652)</u>	 <u>\$320,090</u>
 Other Financing Sources (uses)			
Transfers in	\$174,389	\$ -	\$174,389
Transfers out	-	-	-
Total other financing sources (uses)	<u>\$174,389</u>	<u>\$ -</u>	<u>\$174,389</u>
 Excess(deficiency) of revenues and other financing sources over expenditures and other financing uses	 <u>\$498,131</u>	 <u>\$(3,652)</u>	 <u>\$494,479</u>
 Fund balance January 1	 <u>255,323</u>	 <u>233,655</u>	 <u>488,978</u>
 Fund balance December 31	 <u>\$753,454</u>	 <u>\$230,003</u>	 <u>\$983,457</u>

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

Parks and Recreation District  
City of Jamestown  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE WITH  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
As of December 31, 2018

**Net change in fund balance - total governmental funds** **\$494,479**

Amounts reported for government activities in the statement of net activities are different because:

Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	\$76,719	
Depreciation expense	<u>(70,652)</u>	
Excess of capital outlay over depreciation expense		6,067

Some revenues will not be collected for several months after the District's fiscal year end. These revenues are not considered "available" in the government funds. These consist of net change deferred property taxes. 24,050

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, issuing debt increases long-term liabilities and does not effect the Statement of Activities. 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 by which debt proceeds exceeded repayment of debt. 7,127

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

Pension expense	<u>(180,558)</u>
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**Net change in net position of governmental activities** **\$351,165**

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

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
Year ended December 31, 2018

<b><u>ENTERPRISE FUNDS:</u></b>	Bunker & Hillcrest Golf Course	Winter Sports Building	Two Rivers Activity Center	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$81,890	\$ -	\$81,890
Total current assets	\$ -	\$81,890	\$ -	\$81,890
Noncurrent assets:				
Capital assets				
Buildings and land	\$239,500	\$305,573	\$29,790,000	\$30,335,073
Improvements	1,329,245	934,072	-	2,263,317
Machinery and equipment	490,264	172,101	-	662,365
Less accumulated depreciation	821,570	666,739	872,922	2,361,231
Total noncurrent assets	\$1,237,439	\$745,007	\$28,917,078	\$30,899,524
Total assets	<u>\$1,237,439</u>	<u>\$826,897</u>	<u>\$28,917,078</u>	<u>\$30,981,414</u>
<b>LIABILITIES</b>				
Current liabilities:				
Sales tax payable	\$6,981	\$ -	\$ -	\$6,981
Bonds payable – current	90,000	-	845,000	935,000
Leases payable – current	11,260	-	21,703	32,963
Long-term liabilities:				
Bonds payable	1,500,000	-	25,360,000	26,860,000
Leases payable	-	-	44,832	44,832
Total liabilities	<u>\$1,608,241</u>	<u>\$ -</u>	<u>\$26,271,535</u>	<u>\$27,879,776</u>
<b>NET POSITION</b>				
Investment in capital assets	\$1,237,439	\$745,007	\$28,917,078	\$30,899,524
Restricted debt service	<u>(1,608,241)</u>	<u>81,890</u>	<u>(26,271,535)</u>	<u>(27,797,886)</u>
Total net position	<u><u>\$(370,802)</u></u>	<u><u>\$826,897</u></u>	<u><u>\$2,645,543</u></u>	<u><u>\$3,101,638</u></u>

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

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION PROPRIETARY FUNDS**

Year ended December 31, 2018

<b><u>ENTERPRISE FUNDS:</u></b>	Bunker & Hillcrest Golf Course	Winter Sports Building	Two Rivers Activity Center	Total
<b>OPERATING REVENUES</b>				
Tax receipts & intergov income	\$198,057	\$198,057	\$2,942,590	\$3,338,704
Season tickets	73,012	-	922,071	995,083
Daily fees	61,711	3,098	70,828	135,637
Rentals	97,196	117,642	50,161	264,999
Concessions and pro shop	21,452	-	1,765	23,217
Lessons	-	-	29,550	29,550
Childcare	-	-	265,852	265,852
Other sources	4,962	30,500	36,266	71,728
Total operating revenues	<u>\$456,390</u>	<u>\$349,297</u>	<u>\$4,319,083</u>	<u>\$5,124,770</u>
<b>OPERATING EXPENSES</b>				
Personal services	\$249,472	\$141,504	\$903,485	\$1,294,461
Utilities	26,725	114,823	301,687	443,235
Repairs	36,552	9,692	6,533	52,777
Supplies	95,040	9,064	115,737	219,841
Concessions and pro shop	19,971	-	-	19,971
Depreciation	84,058	36,512	654,691	775,261
Miscellaneous	26,052	5,664	69,353	101,069
Total operating expenses	<u>\$537,870</u>	<u>\$317,259</u>	<u>\$2,051,486</u>	<u>\$2,906,615</u>
Operating income (loss)	<u>\$(81,480)</u>	<u>\$32,038</u>	<u>\$2,267,597</u>	<u>\$2,218,155</u>
Non-Operating revenue (expenses)				
Interest and fiscal charges	<u>\$(49,226)</u>	<u>\$(13,116)</u>	<u>\$(906,520)</u>	<u>\$(968,862)</u>
Total Non-Operating Revenue (expenses)	<u>\$(49,226)</u>	<u>\$(13,116)</u>	<u>\$(906,520)</u>	<u>\$(968,862)</u>
Income (loss) before operating transfers	(130,706)	18,922	1,361,077	1,249,293
Transfers from/to other funds	<u>40,690</u>	<u>(133,911)</u>	<u>(81,168)</u>	<u>(174,389)</u>
Change in net position	(90,016)	(114,989)	1,279,909	1,074,904
Total net position, January 1	<u>(280,786)</u>	<u>941,886</u>	<u>1,365,634</u>	<u>2,026,734</u>
Total net position, December 31	<u><u>\$(370,802)</u></u>	<u><u>\$826,897</u></u>	<u><u>\$2,645,543</u></u>	<u><u>\$3,101,638</u></u>

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

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year ended December 31, 2018

<b><u>ENTERPRISE FUNDS:</u></b>	Bunker & Hillcrest Golf Course	Winter Sports Building	Two Rivers Activity Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$451,428	\$318,797	\$4,282,817	\$5,053,042
Cash payments for goods & services	(260,794)	(152,359)	(1,399,830)	(1,812,983)
Cash payments to employees for services	(249,472)	(141,504)	(903,485)	(1,294,461)
Other	4,962	30,500	36,266	71,728
Net cash provided (used) by operating activities	<u>\$(53,876)</u>	<u>\$55,434</u>	<u>\$2,015,768</u>	<u>\$2,017,326</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers to other funds	<u>\$40,690</u>	<u>\$(133,911)</u>	<u>\$(81,168)</u>	<u>\$(174,389)</u>
Net cash provided (used) by noncapital financing activities	<u>\$40,690</u>	<u>\$(133,911)</u>	<u>\$(81,168)</u>	<u>\$(174,389)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	\$(7,180)	\$ -	\$ -	\$(7,180)
Acquisition of debt	-	-	-	-
Principal paid on debt	(53,760)	(42,500)	(1,654,791)	(1,751,051)
Interest paid on debt	(49,226)	(13,116)	(906,520)	(968,862)
Other	-	-	765,850	765,850
Net cash provided (used) for capital & related financing activities	<u>\$(110,166)</u>	<u>\$(55,616)</u>	<u>\$(1,795,461)</u>	<u>\$(1,961,243)</u>
Net increase (decrease) in cash & cash equiv	(123,352)	(134,093)	139,139	(118,306)
Balances, January 1	<u>1,465,533</u>	<u>(16,313)</u>	<u>(1,249,024)</u>	<u>200,196</u>
Balances, December 31	<u><u>\$1,342,181</u></u>	<u><u>\$(150,406)</u></u>	<u><u>\$(1,109,885)</u></u>	<u><u>\$81,890</u></u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	(130,706)	18,922	1,361,077	1,249,293
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	\$84,058	\$36,512	\$654,691	\$775,261
Changes in net position & liabilities:				
Increase (decrease) in accrued sales tax	<u>(7,228)</u>	<u>-</u>	<u>-</u>	<u>(7,228)</u>
Net cash provided by operating activities	<u><u>\$(53,876)</u></u>	<u><u>\$55,434</u></u>	<u><u>\$2,015,768</u></u>	<u><u>\$2,017,326</u></u>

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

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2018

**Note 1 Summary of Significant Accounting Policies**

The accounting policies of Parks and Recreation District, City of Jamestown conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by Parks and Recreation District.

**Reporting Entity**

The Parks and Recreation District is the basic level of government which has financial accountability and control over all activities related to the City of Jamestown Parks and Recreation area. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable if it appoints a voting majority of an organization's governing body and (1) the District is able to significantly influence the programs or services performed or provided by the Organization; or (2) there is potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. No component units of the District have been excluded from this report.

**Basics of Presentation**

The District's basic financial statements consist of government-wide statements and fund financial statements.

**Government-wide Financial Statements** - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's government-wide activities are considered governmental activities.

The statement of net position presents the financial condition of the governmental and business type activities of the District at year-end.

The statement of activities presents a comparison between direct expense and program revenues for each program or function of the District's governmental activities.

**Note 1 Summary of Significant Accounting Policies** (Continued)

The statement identifies the extent to which each governmental function is self-financing or drawing from the general revenues of the District. Direct expenses are expenses that are specifically associated with a service, program or department. The direct expenses are clearly identifiable with a specific program. Program revenue includes (1) charges to recipients for goods or services provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are reported instead as general revenue.

**Fund Financial Statements** - In order to aid financial management and to demonstrate legal compliance, the District segregates transactions related to certain functions or activities in separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**Fund Accounting**

Governmental funds are utilized to account for most of Parks and Recreation District's government functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which the obligation will be paid. Fund balance represents the difference between the governmental fund assets and liabilities. The District's major governmental funds are as follows:

**General Fund** - This fund is the general operating fund of Parks and Recreation District and is always classified as a major fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund types:

**Special Revenue Fund** - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The District's Special Revenue Fund consists of special assessments.

**Capital Projects Fund** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Funds. It includes Parks and Recreation facility funds for which designated tax receipts are obtained.

**Note 1 Summary of Significant Accounting Policies** (Continued)

**Enterprise Fund** – Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Enterprise funds include operation of the winter sports building, Hillcrest Golf Course and Bunker, and Two Rivers Activity Center.

**Debt Service Fund** – Debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs of the proprietary funds.

**Measurement Focus and Basis of Accounting**

**Government-Wide Proprietary Fund Financial Statements** - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and donations are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the District are included in the statement of net position.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Parks and Recreation District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Parks and Recreation District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditures generally are recorded then a liability is incurred, as under accrual accounting. Only current assets, current liabilities and fund balances are generally included on the balance sheet. General capital asset acquisitions are reported as expenditures in governmental funds.

**Note 1 Summary of Significant Accounting Policies** (Continued)

The current financial resources measurement focus differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Due to the differences, Parks and Recreation District's financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Other Accounting Policies**

**Revenues-Exchange and Non-Exchange Transactions** - Exchange transactions are transactions in which each party gives and receives essential equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

The District recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Non-exchange transactions include transactions which the District receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the District. Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenues and investment income.

**Expenses and Expenditures** - Governmental funds accounting measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recorded in the fiscal year in which the related fund liability is incurred. Under the accrual basis of accounting, expenses are recorded when incurred.

**Budgets and Budgetary Accounting** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general, special revenue and enterprise funds.

Parks and Recreation District's Board follows the procedures established by North Dakota law for the budgetary process. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. Formal budgetary integration is employed as a management control device during the year for the general fund. The Board must adopt the final budget on or before August 10. The final budget must be filed with the county auditor by October 10.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 1 Summary of Significant Accounting Policies** (Continued)

The budget is prepared for the general and special revenue funds on the modified accrual basis of accounting. The budget includes the proposed cash expenditures and the means of financing them. All annual appropriations lapse at year-end. The balance of the appropriation reverts back to each fund and is available for future appropriation. The governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared, however no amendment changing the taxes levied can be made after October 10. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

To provide a meaningful comparison of the District's actual results compared to the budgeted results, the Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual are prepared on the District's budgetary basis of accounting, the modified accrual basis of accounting.

**Cash and Cash Equivalents** - Cash includes cash on hand, demand deposits, savings accounts, and certificates of deposit with original maturities of three months or less. These amounts must be deposited in a financial institution situated and doing business with the state of North Dakota.

State statutes authorize local governments to invest in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of or an obligation insured or guaranteed by the treasury of the United States, or its agencies, instrumentalities, or organizations created by a financial institution in Congress, b) Securities sold under agreements to repurchase written by a financial in which the underlying securities for the agreement to repurchase are the type listed above, c) Certificates of Deposit are fully insured by the federal deposit insurance corporation or the state, d) Obligations of the state. Checking accounts are interest bearing accounts which pay varying monthly interest rates based on money market rates.

**Deposits** – The Parks and Recreation District maintains deposits at depository banks that are members of the Federal Reserve System and have F.D.I.C. coverage. North Dakota law requires all public deposits be protected by insurance, surety bond or collateral. Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. At December 31, 2018, the District deposits were entirely insured or collateralized with securities held by the District or by its agent in the District's name in compliance with state law.

Authorized collateral include 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 and all other forms of securities issued by the state of North Dakota, its boards, agencies, or instrumentalities, or by

any county, city, township, school district, park district, or other political subdivision of the State of North Dakota, whether from special revenues or supported by the full faith and credit of the Parks and Recreation District, City of Jamestown

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

December 31, 2018

**Note 1 Summary of Significant Accounting Policies (Continued)**

issuing body; and bonds issued by any other state of the United States or such securities approved by the banking board.

**Revenue Recognition, Property Taxes** - Taxes receivable consists of current and delinquent uncollected taxes as of December 31, 2018. No allowance has been established for uncollectible amounts.

Property taxes attach as an enforceable lien on property as of January 1 and may be paid in two installments. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the Parks and Recreation District on a periodic basis. Property taxes are limited by state laws. All park district tax levies are in compliance with state laws.

**Capital Assets** - Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental column in the government-wide financial statements but are not reported as assets in the fund financial statements. Capital assets are defined by Parks and Recreation District as assets with an initial individual cost of more than \$3,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The assets are updated for additions and retirements during the District's fiscal year. Donated capital assets are recorded at estimated fair market value at the date received. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. Parks and Recreation District has infrastructure-type assets.

The District's land is capitalized but is not depreciated. Capital assets are depreciated using the straight-line method over the following useful lives:

Building and building improvements	50 years
Equipment and furniture	10 years
Vehicles	5 years
Office equipment	5 years

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Parks and Recreation District's governmental fund financials report only those obligations that will be paid from current financial resources.

**Deferred outflows and inflows of resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had two items that met this criterion – a

pension related deferral, and contributions made to the pension plan (ND PERS) in the current fiscal years.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 1 Summary of Significant Accounting Policies** (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has one item that meet this criterion – a pension related deferral (ND PERS).

**Fund Equity** - Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors through the adoption of a resolution. The Board also may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board has authorized the District’s director to assign fund balances.
- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Note 1 Summary of Significant Accounting Policies** (Continued)

***Flow Assumptions*** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**Net Position** - Net position represent the difference between assets and liabilities. Net position invested in capital assets net of debt, consists of the remaining undepreciated cost of the asset less the outstanding debt associated with the purchase or construction of the related asset. Net positions are reported as restricted when external creditors, grantors, or other governmental organizations impose specific restrictions on Parks and Recreation District. External restrictions may be imposed through state or local laws, and grant or contract provisions.

**Fund Balance Reservations and Designations** – Reserved fund balances represent fund equity, which are legally segregated for a specific future use or equity that is not an available expendable resource. Unreserved fund balance represents fund equity that is available for appropriation in future periods.

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflects Jamestown Parks and Recreation District’s intentions and may be changed by the board as needed. The designations are reported as part of unrestricted fund balance.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Comparative Data** - Comparative data is not included in Parks and Recreation District's financial statements.

**Pension** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the North Dakota Employees Retirement System (ND PERS) and additions to/deductions from ND PERS fiduciary net position have been determined on the same basis as they are reported by ND PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 2 Cash and Cash Equivalents**

The following is a summary of the cash balances at December 31, 2018:

	<u>Balance per</u> <u>Bank</u>	<u>In Transit</u> <u>Items</u>	<u>Balance per</u> <u>District</u>
Checking Accounts			
Unison Bank, Jamestown, ND			
General Fund	\$899,269	\$(143,440)	\$755,829
Bank Forward, Jamestown, ND			
Special Revenue Fund	<u>230,003</u>	<u>-</u>	<u>230,003</u>
Total checking accounts	<u>\$1,129,272</u>	<u>\$(143,440)</u>	<u>\$ 985,832</u>
Savings Accounts	<u>Rate</u>		<u>Amount</u>
Unison Bank, Jamestown, ND	0.07%		
Savings			<u>81,890</u>
Total savings accounts			81,890
Petty Cash			<u>300</u>
Total cash			<u>\$1,068,022</u>

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. As of December 31, 2018, the District's deposits are fully insured or collateralized with securities held by the financial institution in the District's name. The board approves and designates a list of depository institutions.

**Pledges of Securities by Depository** – Following is a schedule of the amount of money on deposit in the District' bank at December 31, 2018, and the amount of securities the bank has pledged as collateral along with insurance coverage for the deposits:

	<u>Amount on Deposit</u>	<u>Amount of Pledged Securities and FDIC Insurance</u>
Unison Bank	\$981,109	\$2,302,788
Bank Forward Bank	\$230,003	\$433,865

All deposits are Category 1 with deposits insured or registered in the name of the District, or securities held by the District or its agent in its name. the pledge of securities and insurance coverage is Not less than the deposits for Unison Bank and Bank Forward.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. State statues authorize the District to invest in (1) Bonds, treasury bill 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

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 2 Cash and Cash Equivalents** (Continued)

in which the underlying securities for the agreement to repurchase are of the type listed above; (3) Certificates of deposit fully insured by the federal deposit insurance corporation or by the state; (4) Obligations of the state. All investments are stated at cost.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Certificates of deposit may not be purchased with maturities greater than 365 days from the date of purchase. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

**Note 3 Legal Compliance – Budgets**

The District board has not amended the District budget. General Fund expenditures were under the budget by \$9,645. Special Revenue Fund expenditures were under the budget by \$3,652. No remedial action is anticipated by the District regarding the expenditures.

**Note 4 Leases**

University of Jamestown and the District have executed leases and easements, whereby the District occupies and uses certain college owned real estate for the purposes of operating the winter sports building, ice skating arena, parking lots and related purposes. The leases require the District to comply and maintain at its own expense, the properties according to all applicable laws, ordinances and regulations. All improvements are to be built, operated and maintained at District expense. Special assessments on the real property are the obligation of the District. After the lease terminates, all improvements become the property of Jamestown College. The noncancellable leases are accounted for as operating leases.

Parks and Recreation District entered into an operating lease in May 2017 for a Kyocera Taskalfa 5052ci copier. It is a 5 year lease with 60 monthly payments of \$199.00 ending May 2022.

Parks and Recreation District entered into an operating lease in August 2017 for a Kyocera Taskalfa 3252ci copier. It is a 5 year lease with 60 monthly payments of \$99.00 ending in August 2022.

Parks and Recreation District entered into a capital lease in April 2017 for a Toro Greensmaster 3150-0 mower and other equipment. It is a 3 year lease with 3 annual payments of \$11,510.02 ending April 2019.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 4 Leases** (Continued)

Parks and Recreation District entered into an operating lease in October 2017 for exercise equipment for the TRAC. It is a 4 year lease with 48 monthly payments of \$1,537.56 ending August 2021.

The annual requirements to retire the obligations above are:

<u>Fiscal Year Ending December 31</u>	<u>Payments</u>
2019	\$ 35,555
2020 - 2022	\$ 50,195
Total	<u>\$ 85,750</u>

**Note 5 Capital Assets**

Capital asset activity of Parks and Recreation District was as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance End of Year</u>
Governmental Activities:				
Land	\$46,400	\$ -	\$ -	\$46,400
Buildings and Improvements	2,038,840	25,670	-	2,064,510
Machinery and Equipment	717,757	51,049	-	768,806
	<u>\$2,802,997</u>	<u>\$76,719</u>	<u>\$ -</u>	<u>\$2,879,716</u>
Less accumulated depreciation				
Buildings and Improvements	\$1,368,766	\$43,780	\$ -	\$1,412,546
Machinery and Equipment	587,483	26,871	-	614,354
	<u>\$1,956,249</u>	<u>\$70,651</u>	<u>\$ -</u>	<u>\$2,026,900</u>
Net Capital Assets for Governmental Activities	<u>\$846,748</u>	<u>\$6,068</u>	<u>\$ -</u>	<u>\$852,816</u>
Business-type Activities:				
Winter sports building	1,411,746	-	-	1,411,746
Hillcrest golf course	2,051,829	7,180	-	2,059,009
Two Rivers activity center	29,790,000	-	-	29,790,000
	<u>\$33,253,575</u>	<u>\$7,180</u>	<u>\$ -</u>	<u>\$33,260,755</u>
Less accumulated depression				
Winter sports building	630,227	36,512	-	666,739
Hillcrest golf course	737,512	84,058	-	821,570
Two Rivers activity center	218,230	654,691	-	872,921
	<u>\$1,585,969</u>	<u>\$775,261</u>	<u>\$ -</u>	<u>\$2,361,230</u>
Net Capital Assets for Business-type activities	<u>\$31,667,606</u>	<u>\$(768,081)</u>	<u>\$ -</u>	<u>\$30,899,525</u>

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
 December 31, 2018

**Note 5 Capital Assets** (Continued)

Depreciation expense was charged to expense in the following function of the District for the current fiscal year:

Governmental Activities:

Operations and maintenance	<u>\$70,651</u>
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Business-type Activities:

Winter sports building	<u>\$36,512</u>
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Hillcrest golf course	<u>\$84,058</u>
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Two Rivers activity center	<u>\$654,691</u>
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**Note 6 Interfund Transfers**

Governmental Funds

Transfers in: General fund	\$174,389
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Business Type Funds

Transfers out: Winter Sports Building	\$133,911
Two Rivers Activity Center	\$81,168

Transfers in: Hillcrest Golf Course	\$40,690
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Transfers in/out consisted of the following:

\$40,690	To Hillcrest Golf Course for administration and to supplement other fund sources.
\$81,168	From Two Rivers Activity Center for administration and to supplement other fund sources.
\$133,911	From Winter Sports building for administration and to supplement other fund sources.
\$174,389	To General Fund for administration and to supplement other fund sources.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 7 Long-term Obligations**

Bonds Payable

The following is a summary of bond transactions for the year ended December 31, 2018:

Bonds payable at January 1, 2018	\$29,815,000
Bonds issued	-
Bonds retired	2,020,000
Bonds payable at December 31, 2018	<u>\$27,795,000</u>

Bonds payable at December 31, 2018 are comprised of the following individual issues:

\$1,840,000 2015 Gross Revenue Bonds due in annual installments of \$80,000 to \$130,000 through May 1, 2033; interest varying from 1.05 to 3.75 percent. Bond issue costs were \$10,000.

\$21,790,000 Series 2016A and \$8,000,000 Series 2016B Sales Tax Revenue Bonds due in annual installments of \$765,000 to \$1,345,000 through July 1, 2035; interest varying from 2.927 to 4.00 percent. Bond issue costs were \$102,995.

Bonds payable in one year	<u>\$935,000</u>
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Bonds Payable

The annual requirements to amortize all debt outstanding as of December 31, 2018

Year Ending	Business-type Activities		
	Principal	Interest	Total
2019	935,000	961,093	1,896,093
2020	965,000	934,033	1,899,033
2021	980,000	914,823	1,894,823
2022	1,010,000	886,080	1,896,080
2023	1,040,000	853,955	1,893,955
2024-2035	22,865,000	6,989,513	29,854,513
	<u>\$27,795,000</u>	<u>\$11,539,497</u>	<u>\$39,334,497</u>

**Note 8 Pension Plan**

**A. Plan Description**

The Parks and Recreation District is a participant in the single employer pension plan of the City of Jamestown. The plan is a defined benefit plan with the pension system responsible for benefits. The District is responsible only for current contributions to the fund. During the year ended December 31, 2018, the District's payroll for employees covered by the fund was \$337,800. The District's total payroll for 2017 was \$1,657,992.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 8 Pension Plan** (Continued)

All employees who are employed for more than 20 hours a week and more than five months a year, with one year of continuous service, are eligible to participate. Benefits are 50% vested at five years of credited service and thereafter an additional 10% per year until they are 100% vested at ten years of service.

A member may retire with an age and service benefit after completing 25 years of credited service and attaining the normal retirement age of 65. The retirement benefit for employees terminating after January 1, 1998, payable monthly for life equals 1.2% of a member's average monthly earnings multiplied by credited service (maximum 30). For those participants that are age 60 or older as of January 1, 1998, their benefit will be the greater of the benefit calculated as stated previously or 60% of average monthly earnings minus 75% of his social security benefit, reduced 1/25 for each year of credited service less than 25 at normal retirement date. The minimum benefit shall be the accrued benefit under the old benefit formula as of January 1, 1998. If a member has less than 25 years of credited service the benefit is determined by taking the above formula times the fraction of the years of credited service divided by 25. A member's average monthly earnings is the average pay over the highest five consecutive years of employment. A member may retire early and receive a percentage of the accrued benefit based on the number of years retired early as long as the member has earned at least ten years credited service, is within ten years of normal retirement, and has the employer's approval.

Benefit provisions and all other requirements are established by City ordinance. Employees are not required to contribute to the Plan. The District is required to make all contributions necessary to fund the Plan using the actuarial basis specified by City ordinance. There are no related party transactions.

**B. Funding Status and Progress**

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2019. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% a year compounded annually, (b) projected salary increases of 4% a year compounded annually, attributable to inflation, and (c) no post-retirement benefit increases.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 8 Pension Plan** (Continued)

**B. Funding Status and Progress** (Continued)

Assets in excess of accumulated pension benefit obligation were \$459,665 at December 31, 2018 as follows:

Accumulated pension benefit obligation:	<u>January 1, 2019</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$5,466,659
Current Employees – 100% vested	2,865,749
Non-vested	-
Total pension benefit obligation	<u>8,332,408</u>
Net assets available for benefits at market (cost unavailable)	<u>8,792,073</u>
Assets in excess of accumulated pension benefit obligation	<u><u>\$(459,665)</u></u>

For the year ended December 31, 2018, the employer recognized pension expense of \$0 and deferred outflow of resources of \$325,958.

Effective January 1, 2009, the actuarial cost method changed from the entry age normal with closed 30 year level dollar amortization method to entry age normal with closed 25 year level dollar amortization method and the mortality tables changed from 1983 Group Annuity Mortality table to RP2000 combined healthy mortality table. Effective January 1, 2014, the actuarial cost method changed to entry age normal with closed 25 year level dollar amortization. Effective January 1, 2008, the City began participation in the North Dakota Public Employees Retirement System. Employees were allowed to transfer to NDPERS at that time.

**C. Actuarially Determined Contribution Requirements and Contributions Made**

The Plan's funding policy provides for actuarially determined periodic contributions at rates necessary to accumulate sufficient assets to pay benefits when due.

The significant actuarial assumptions used to compute the actuarially determined contribution rate are the same as those used to compute the pension benefit obligation as described in B above.

The contributions to the Plan for 2019 was calculated to be \$0 based on actuarially determined requirements computed through actuarial valuations performed as of January 1, 2019.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
December 31, 2018

**Note 8 Pension Plan** (Continued)

**D. Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on page 58 of the City's financial statements. For the three years ended 2018, 2017 and 2016, available assets were sufficient to fund 106, 117, and 101 percent, respectively, of the pension benefit obligation. The Plan went from an overfunded plan of \$77,180 in 2016 to an overfunded plan of \$1,413,163 in 2017 and an overfunded plan of \$459,665 in 2018. The City's contributions for the years ended 2018, 2017 and 2016 were 0.00, 0.00 and 1.51 percent, respectively, of annual covered payroll, all made in accordance with actuarially determined requirements.

**Note 9 North Dakota Public Employees Retirement System**

**Summary of Significant Accounting Policies**

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

***North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees, and two members of the legislative assembly appointed by the chairman of the legislative management.

**Note 9 North Dakota Public Employees Retirement System** (Continued)

***Pension Benefits***

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

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

***Death and Disability Benefits***

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

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

**Note 9 North Dakota Public Employees Retirement System** (Continued)

***Refunds of Member Account Balance***

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

***Member and Employer Contributions***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At 12/31/2018, the Employer reported a liability of \$967,709 for its proportionate share of the net pension liability. The net pension liability was measured as of 06/30/2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At 6/30/2018, the Employer's proportion was 0.057342 percent, which was an increase of .023326 from its proportion measured as of 12/31/2017.

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 9 North Dakota Public Employees Retirement System** (Continued)

For the year ended 12/31/2018, the Employer recognized pension expense of \$232,003. At 12/31/2018, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,561	\$ 32,923
Changes of assumptions	349,323	13,812
Net difference between projected and actual earnings on pension plan investments	-	4,708
Changes in proportion and differences between employer contributions and proportionate share of contributions	283,949	-
Employer contributions subsequent to the measurement date (see below)	<u>*\$50,657</u>	-
Total	<u>\$ 686,490</u>	<u>\$51,443</u>

\*\$50,657 reported as deferred outflows of resources related to pensions resulting from Employer Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 12/31/2019.

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

**Year ended June 30:**

2019	\$ 72,477
2020	72,414
2021	68,671
2022	53,504
2023	16,883
Thereafter	-

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
December 31, 2018

**Note 9 North Dakota Public Employees Retirement System (Continued)**

**Actuarial assumptions.** The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%		
Salary increases	Services at Beginning of Year	State Employee	Non-State Employee
	0	12.00%	15.00%
	1	9.50%	10.00%
	2	7.25%	8.00%
	Age*		
	Under 30	7.25%	10.00%
	30 – 39	6.50%	7.50%
	40 – 49	6.25%	6.75%
	50-59	5.75%	6.50%
	60+	5.00%	5.25%

\*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table set back one year for males (no set back for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.05%
International Equity	21%	6.71%
Private Equity	7%	10.20%
Domestic Fixed Income	23%	1.45%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.11%
Cash Equivalents	0%	0.00%

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 9 North Dakota Public Employees Retirement System** (Continued)

**Discount rate.** For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.62%; and the resulting Single Discount Rate is 6.32%.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.32 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	<b>1% Decrease (5.32%)</b>	<b>Current Discount Rate (6.32%)</b>	<b>1% Increase (7.32%)</b>
Employer's proportionate share of the net pension liability	\$1,314,936	\$967,709	\$677,959

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

Parks and Recreation District, City of Jamestown  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
December 31, 2018

**Note 10 Risk Management**

The Parks and Recreation District is exposed to various risks of loss relating to torts; theft of, damage to, or 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 Parks and Recreation District pays an annual premium to Harty Insurance for its general liability, auto, and inland marine insurance coverage. The coverage is limited to losses of one million dollars per occurrence.

The Parks and Recreation District also participates in the North Dakota State Fire and Tornado Fund and the State Bonding Fund. The Parks and Recreation District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property.

Replacement cost is coverages 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 one million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides the Parks and Recreation District with blanket fidelity bond coverage in the amount of \$300,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The Parks and Recreation District participates in the North Dakota Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**Note 11 Deficit Fund Balances**

Social Security has a deficit fund balance which will be adjusted by transfers from the general fund.

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**– BUDGET AND ACTUAL - GENERAL FUND**  
Year ended December 31, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$792,213	\$792,213	\$968,116	\$175,903
Intergovernmental revenue	175,000	175,000	188,246	13,246
Charges for services	40,900	40,900	41,949	1,049
Interest income	1,000	1,000	1,181	181
Miscellaneous	180,500	180,500	173,508	(6,992)
Total revenues	<u>\$1,189,613</u>	<u>\$1,189,613</u>	<u>\$1,373,000</u>	<u>\$183,387</u>
<b>EXPENDITURES</b>				
Personnel services	\$670,033	\$670,033	\$627,142	\$42,891
Operations and maintenance	369,580	369,580	422,116	(52,536)
Total Expenditures	<u>\$1,039,613</u>	<u>\$1,039,613</u>	<u>\$1,049,258</u>	<u>\$(9,645)</u>
Excess (deficiency) of revenues over expenditures	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$323,742</u>	<u>\$173,742</u>
Other Financing Sources (uses)				
Transfer in (out)	<u>(150,000)</u>	<u>(150,000)</u>	<u>174,389</u>	<u>324,389</u>
Total other financing sources (uses)	<u>\$(150,000)</u>	<u>\$(150,000)</u>	<u>\$174,389</u>	<u>\$324,389</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$498,131</u>	<u>\$498,131</u>
Fund balance January 1			<u>255,323</u>	
Fund balance December 31			<u><u>\$753,454</u></u>	

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

Parks and Recreation District  
City of Jamestown  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**– BUDGET AND ACTUAL – SPECIAL REVENUE FUND**  
Year ended December 31, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$65,000	\$65,000	\$64,344	\$(656)
Interest Income	-	-	550	550
Total revenues	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$64,894</u>	<u>\$(106)</u>
<b>EXPENDITURES</b>				
Special assessments	65,000	65,000	68,546	(3,546)
Operations and maintenance	-	-	-	-
Total Expenditures	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$68,546</u>	<u>\$(3,546)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$(3,652)</u>	<u>\$(3,652)</u>
Other Financing Sources (uses)				
Transfer in (out)	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,652)	\$(3,652)
Fund balance January 1			<u>233,655</u>	
Fund balance December 31			<u><u>\$230,003</u></u>	

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

Parks and Recreation District  
City of Jamestown  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**  
December 31, 2018

**Note 1 Summary of Significant Budget Policies**

Based upon available financial information and requests by the governing board, the business manager prepares the park district budget. The budget is prepared for the all Funds on the modified accrual basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

The preliminary budget is to be prepared on or before August 10, taxes must be levied by the governing board and certified to the treasurer by that date. The final budget and tax levy must be approved by October 7. The governing board may amend its tax levy and budget, but the certification must be filed with the treasurer 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.

**Note 2 Legal Compliance - Budgets**

The governing board did not have any amendments to the district's budget for the year ending December 31, 2018.

Parks and Recreation District, City of Jamestown  
**Schedule of Employer's Share of Net Pension Liability**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2015
Employer's proportion of the net pension liability (asset)	0.010741%
Employer's proportionate share of the net pension liability (asset)	\$68,175
Employer's covered-employee payroll	\$90,472
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.35%
Plan fiduciary net position as a percentage of the total pension liability	77.70%

\*Complete data for this schedule is not available prior to 2015.

Parks and Recreation District, City of Jamestown  
**Schedule of Employer Contributions**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2015
Statutorily required contribution	\$6,442
Contributions in relation to the statutorily required contribution	(\$6,442)
Contribution deficiency (excess)	\$0.00
Employer's covered-employee payroll	\$90,472
Contributions as a percentage of covered-employee payroll	7.12%

\*Complete data for this schedule is not available prior to 2015.

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

Parks and Recreation District, City of Jamestown  
**Schedule of Employer's Share of Net Pension Liability**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2016
Employer's proportion of the net pension liability (asset)	0.013450%
Employer's proportionate share of the net pension liability (asset)	\$91,458
Employer's covered-employee payroll	\$119,821
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.33%
Plan fiduciary net position as a percentage of the total pension liability	77.15%

\*Complete data for this schedule is not available prior to 2015.

Parks and Recreation District, City of Jamestown  
**Schedule of Employer Contributions**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2016
Statutorily required contribution	\$9,102
Contributions in relation to the statutorily required contribution	(\$8,400)
Contribution deficiency (excess)	\$702
Employer's covered-employee payroll	\$119,821
Contributions as a percentage of covered-employee payroll	7.60%

\*Complete data for this schedule is not available prior to 2015.

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

Parks and Recreation District, City of Jamestown  
**Schedule of Employer's Share of Net Pension Liability**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2017
Employer's proportion of the net pension liability (asset)	0.034016%
Employer's proportionate share of the net pension liability (asset)	546,749
Employer's covered-employee payroll	\$347,250
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%
Plan fiduciary net position as a percentage of the total pension liability	61.98%

\*Complete data for this schedule is not available prior to 2015.

Parks and Recreation District, City of Jamestown  
**Schedule of Employer Contributions**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2017
Statutorily required contribution	\$25,180
Contributions in relation to the statutorily required contribution	(\$20,908)
Contribution deficiency (excess)	\$4,272
Employer's covered-employee payroll	\$347,250
Contributions as a percentage of covered-employee payroll	6.02%

\*Complete data for this schedule is not available prior to 2015.

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

Parks and Recreation District, City of Jamestown  
**Schedule of Employer's Share of Net Pension Liability**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2018
Employer's proportion of the net pension liability (asset)	0.057342%
Employer's proportionate share of the net pension liability (asset)	613,284
Employer's covered-employee payroll	\$589,088
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	104.11%
Plan fiduciary net position as a percentage of the total pension liability	63.53%

\*Complete data for this schedule is not available prior to 2015.

Parks and Recreation District, City of Jamestown  
**Schedule of Employer Contributions**  
 ND Public Employees Retirement System  
**Last 10 Fiscal Years\***

	2018
Statutorily required contribution	\$43,389
Contributions in relation to the statutorily required contribution	(\$42,354)
Contribution deficiency (excess)	\$1,035
Employer's covered-employee payroll	\$589,088
Contributions as a percentage of covered-employee payroll	7.19%

\*Complete data for this schedule is not available prior to 2015.

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

**Parks and Recreation District, City of Jamestown**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2018**

**Change of assumptions.**

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

Parks and Recreation District  
City of Jamestown  
**SUPPLEMENTAL MATERIAL**  
Year ended December 31, 2018

Schedule 1

**Schedule of Cash and Cash Equivalents**

Petty Cash	\$300
Cash in bank, checking, Unison Bank	755,829
Cash in bank, savings, Unison Bank	81,890
Cash in bank, savings, Bank Forward	<u>230,003</u>
Total Cash and Cash Equivalents	<u><u>\$1,068,022</u></u>

\* \* \* \* \*

See Independent Auditor's Report



# DEMPSEY ACCOUNTING AND TAX SERVICES P.C.

*Trusted Accounting Professionals*

**Beth A. Dempsey, CPA**

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

To the Chairman and Board of Directors  
Parks and Recreation District, City of Jamestown  
Jamestown, 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 government activities, business-type activities, each major fund, and the aggregate remaining fund information of Parks and Recreation District, City of Jamestown, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Parks and Recreation District's basic financial statements, and have issued our report thereon dated July 25, 2019.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may

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exist that were not identified given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

#### **Finding 2018-001 Significant Deficiency -Financial Statements Preparation:**

**Condition:** Management has not identified risks to the preparation of reliable financial statements. Dempsey Accounting and Tax Services P.C. assists the District's management in preparing financial statements that are presented, including note disclosures, in accordance with generally accounting principles.

**Criteria:** Risks should be identified that impact the presentation of reliable financial statements. The COSO framework for effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the financial statements and the management of those risks. As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

**Cause:** Parks and Recreation District does not analyze the risks of material misstatements and has not determined how identified risks should be managed. The District Board feels it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to invest in ongoing specialized training that would be necessary.

**Effect:** Lack of identification of possible risks provides an opportunity for fraud to occur and could increase errors and misstatements. This increases the risk of misstatement of the District's financial condition. Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

**Recommendation:** Design of effective controls and management of those controls over the preparation of the financial statements will aid in prevention and detection of material misstatements, including footnote disclosure. We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

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

As part of obtaining reasonable assurance about whether Parks and Recreation District's financial statements are free from material misstatement, we performed tests of 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*.

## **Views of Responsible Officials**

Parks and Recreation District's Board realizes it is extremely hard to have the ultimate of internal controls and segregation of duties with a staff of two people and believes that the controls presently in place do a good job of mitigating the risk that the financial statements are misstated. They feel it is not economically feasible to have enough employees hired to provide for the necessary segregation of duties. They believe providing policies and procedures for the accounting function and strong board oversight is adequate. The District will continue to request that Dempsey Accounting and Tax Services P.C. assist with the preparation of financial statements; however, the Board will continue to instruct the District Administration to provide all requested schedules.

Parks and Recreation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Dempsey Accounting and Tax Services P.C.*

Dempsey Accounting and Tax Services P.C.  
Jamestown, North Dakota  
July 25, 2019



## DEMPSEY ACCOUNTING AND TAX SERVICES P.C.

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July 25, 2019

### **Communication with Those Charged with Governance At the Conclusion of the Audit**

To the Chairman and Board of Directors  
Parks and Recreation District, City of Jamestown  
Jamestown, North Dakota

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Parks and Recreation District, City of Jamestown**, for the year ended December 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and if applicable, Government Auditing Standards), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Parks and Recreation District** are described in Note 1 to the financial statements. No other new accounting policies were adopted and the application of existing policies was not changed during the 2018 year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

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### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatement*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements for management to correct.

### *Disagreements with Management*

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representation from management that is included in the management representation letter dated July 25, 2019.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the

underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Chairman and Board of Parks and Recreation District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Dempsey Accounting and Tax Services P.C.*

Dempsey Accounting and Tax Services P.C.