

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**AUDITED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2019 and 2018**

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

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**December 31, 2019 and 2018**

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**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**PARK DISTRICT OFFICIALS LISTING**  
**December 31, 2019 and 2018**

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Wayne Gripentrog	President
Joe Schreiner	Board Commissioner
Deb Tobias	Board Commissioner
Devry Klocke	Board Commissioner
Art Grochow	Board Commissioner
Connie Metcalf	Park Board Clerk
Wayne Beyer	Director of Parks & Recreation
John Dassenko	Park Superintendent



## INDEPENDENT AUDITOR'S REPORT

Park Board  
Wahpeton Park District  
Wahpeton, North Dakota

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wahpeton Park District, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Wahpeton Park District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wahpeton Park District, as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wahpeton Park District's basic financial statements. The park district officials listing, budgetary schedules, nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures, and changes in fund balances, and pension schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules, nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures, and changes in fund balances, and pension schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules, nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures, and changes in fund balances, and pension schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The park district officials listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022 on our consideration of Wahpeton Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Wahpeton Park District's internal control over financial reporting and compliance.

 Nadine Julson, LLC

Nadine Julson, LLC  
Wahpeton, ND  
January 13, 2022

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**December 31, 2019 and 2018**

	2019		2018	
	Primary Government	Wahpeton Park & Recreation Foundation	Primary Government	Wahpeton Park & Recreation Foundation
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 374,086	\$ -	\$ 314,540	\$ -
Savings and CD's	195,897	-	204,609	-
Investments	-	4,910	-	37,556
Note Receivable	60,000	-	70,000	-
Total Current Assets	629,983	4,910	589,149	37,556
Capital Assets				
Non-depreciable				
Land	118,247	-	115,500	-
Depreciable, net of accumulated depreciation				
Buildings and Improvements	1,567,998	-	1,574,464	-
Land Improvements	602,659	-	645,351	-
Vehicles	17,319	-	-	-
Equipment	158,036	-	147,881	-
Total Capital Assets	2,464,259	-	2,483,196	-
Total Assets	3,094,242	4,910	3,072,345	37,556
<b>LIABILITIES</b>				
Current Liabilities				
Current Portion of Long-term Liabilities				
Special Assessments Payable	3,731	-	3,731	-
Total Current Liabilities	3,731	-	3,731	-
Due After One Year				
Special Assessments Payable	2,638	-	2,638	-
Total Long-term Liabilities	2,638	-	2,638	-
Total Liabilities	6,369	-	6,369	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,464,259	-	2,483,196	-
Restricted	169,418	4,910	126,687	37,556
Unrestricted	454,196	-	456,093	-
Total Net Position	\$ 3,087,873	\$ 4,910	\$ 3,065,976	\$ 37,556

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Wahpeton Park & Recreation Foundation
Governmental Activities					
Culture and Recreation	\$ 1,426,286	\$ 514,654	\$ 21,879	\$ (889,753)	\$ -
	<u>\$ 1,426,286</u>	<u>\$ 514,654</u>	<u>\$ 21,879</u>	(889,753)	-
Component Unit					
Culture and Recreation	\$ 35,683	\$ -	\$ -	-	(35,683)
	<u>\$ 35,683</u>	<u>\$ -</u>	<u>\$ -</u>	-	(35,683)
General Revenues					
Taxes					
Taxes Levied for General Purposes				519,827	-
Taxes Levied for Special Purposes				34,055	-
Taxes Levied for Capital Improvements				84,870	-
Intergovernmental				233,650	-
Interest and Investment Earnings				2,588	3,037
Miscellaneous				36,660	-
Total General Revenues				<u>911,650</u>	<u>3,037</u>
Change in Net Position				21,897	(32,646)
Net Position, Beginning of Year				<u>3,065,976</u>	<u>37,556</u>
Net Position, End of Year				<u>\$ 3,087,873</u>	<u>\$ 4,910</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Wahpeton Park & Recreation Foundation
Governmental Activities					
Culture and Recreation	\$ 1,496,577	\$ 511,323	\$ 27,072	\$ (958,182)	\$ -
Interest and Other Charges	277	-	-	(277)	-
	<u>\$ 1,496,854</u>	<u>\$ 511,323</u>	<u>\$ 27,072</u>	(958,459)	-
Component Unit					
Culture and Recreation	\$ -	\$ -	\$ 1,200	-	1,200
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>	-	1,200
General Revenues					
Taxes					
Taxes Levied for General Purposes				511,461	-
Taxes Levied for Special Purposes				33,523	-
Taxes Levied for Capital Improvements				83,460	-
Intergovernmental				204,155	-
Interest and Investment Earnings				1,666	1,932
Miscellaneous				29,274	-
Total General Revenues				<u>863,539</u>	<u>1,932</u>
Change in Net Position				(94,920)	3,132
Net Position, Beginning of Year				<u>3,160,896</u>	<u>34,424</u>
Net Position, End of Year				<u>\$ 3,065,976</u>	<u>\$ 37,556</u>

See Notes to Financial Statements



**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**December 31, 2019**

	General Fund	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 114,432	\$ 259,654	\$ -	\$ 374,086
Savings and CD's	195,897	-	-	195,897
Note Receivable	60,000	-	-	60,000
Due from Other Funds	104,032	-	494,999	599,031
Total Assets	474,361	259,654	494,999	1,229,014
<b>LIABILITIES</b>				
Due to Other Funds	-	-	599,031	599,031
Total Liabilities	-	-	599,031	599,031
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	-	-	175,787	175,787
Assigned	-	259,654	-	259,654
Unassigned (Deficit)	474,361	-	(279,819)	194,542
Total Fund Balance (Deficit)	474,361	259,654	(104,032)	629,983
Total Liabilities and Fund Balance (Deficit)	\$ 474,361	\$ 259,654	\$ 494,999	\$ 1,229,014

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**December 31, 2018**

	General Fund	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 63,268	\$ 251,272	\$ -	\$ 314,540
Savings and CD's	204,609	-	-	204,609
Note Receivable	70,000	-	-	70,000
Due from Other Funds	138,266	-	451,999	590,265
Total Assets	476,143	251,272	451,999	1,179,414
<b>LIABILITIES</b>				
Due to Other Funds	-	-	590,265	590,265
Total Liabilities	-	-	590,265	590,265
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	-	-	133,056	133,056
Assigned	-	251,272	-	251,272
Unassigned (Deficit)	476,143	-	(271,322)	204,821
Total Fund Balance (Deficit)	476,143	251,272	(138,266)	589,149
Total Liabilities and Fund Balance (Deficit)	\$ 476,143	\$ 251,272	\$ 451,999	\$ 1,179,414

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
December 31, 2019 and 2018**

Total Fund Balance - Governmental Funds December 31, 2019		\$ 629,983
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	5,323,952	
Less Accumulated Depreciation	<u>(2,859,693)</u>	
Net Capital Assets		2,464,259
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at the end of the year are reported in the statement of net position.		
Special Assessments Payable		<u>(6,369)</u>
Total Net Position of Governmental Activities December 31, 2019		<u>\$ 3,087,873</u>
Total Fund Balance - Governmental Funds December 31, 2018		\$ 589,149
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	5,188,260	
Less Accumulated Depreciation	<u>(2,705,064)</u>	
Net Capital Assets		2,483,196
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at the end of the year are reported in the statement of net position.		
Special Assessments Payable		<u>(6,369)</u>
Total Net Position of Governmental Activities December 31, 2018		<u>\$ 3,065,976</u>

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**Year Ended December 31, 2019**

	General Fund	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 519,827	\$ -	\$ 118,925	\$ 638,752
Donations	3,000	-	18,879	21,879
Charges for Services	99,705	403,483	11,466	514,654
Intergovernmental	193,650	-	40,000	233,650
Interest	2,588	-	-	2,588
Miscellaneous	36,660	-	-	36,660
Total Revenues	<u>855,430</u>	<u>403,483</u>	<u>189,270</u>	<u>1,448,183</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	857,212	395,101	152,289	1,404,602
Debt Service				
Special Assessments	-	-	2,747	2,747
Total Expenditures	<u>857,212</u>	<u>395,101</u>	<u>155,036</u>	<u>1,407,349</u>
Excess (Deficiency) of Revenues over Expenditures	(1,782)	8,382	34,234	40,834
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>476,143</u>	<u>251,272</u>	<u>(138,266)</u>	<u>589,149</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 474,361</u>	<u>\$ 259,654</u>	<u>\$ (104,032)</u>	<u>\$ 629,983</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**Year Ended December 31, 2018**

	General Fund	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 511,461	\$ -	\$ 116,983	\$ 628,444
Donations	8,930	-	3,125	12,055
Charges for Services	71,326	428,562	11,435	511,323
Intergovernmental	179,172	-	40,000	219,172
Interest	1,666	-	-	1,666
Miscellaneous	29,274	-	-	29,274
Total Revenues	<u>801,829</u>	<u>428,562</u>	<u>171,543</u>	<u>1,401,934</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	870,754	393,662	163,986	1,428,402
Debt Service				
Interest and Other Charges	-	-	277	277
Special Assessments	-	-	2,638	2,638
Total Expenditures	<u>870,754</u>	<u>393,662</u>	<u>166,901</u>	<u>1,431,317</u>
Excess (Deficiency) of Revenues over Expenditures	(68,925)	34,900	4,642	(29,383)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>545,068</u>	<u>216,372</u>	<u>(142,908)</u>	<u>618,532</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 476,143</u>	<u>\$ 251,272</u>	<u>\$ (138,266)</u>	<u>\$ 589,149</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**Years Ended December 31, 2019 and 2018**

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Change in Fund Balance - Total Governmental Funds December 31, 2019	\$	40,834
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.		
		(18,937)
Change in Net Position of Governmental Activities December 31, 2019	\$	<u>21,897</u>
Change in Fund Balance - Total Governmental Funds December 31, 2018	\$	(29,383)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.		
		(68,175)
Repayment of debt principal and other long-term liabilities is an expenditure in the governmental fund financial statements, but repayment reduces long-term liabilities in the statement of net position.		
		2,638
Change in Net Position of Governmental Activities December 31, 2018	\$	<u>(94,920)</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – MODIFIED CASH BASIS**  
**December 31, 2019 and 2018**

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	Agency Funds	
	2019	2018
<b>ASSETS</b>		
Cash and Investments	\$ 50,893	\$ 58,499
Total Assets	<u>\$ 50,893</u>	<u>\$ 58,499</u>
<b>LIABILITIES</b>		
Due to Groups	\$ 50,893	\$ 58,499
Total Liabilities	<u>\$ 50,893</u>	<u>\$ 58,499</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2019 and 2018**

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

The Wahpeton Park District, Wahpeton, North Dakota (the District) operates with its Board of Directors. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

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

Based on these criteria, the financial statements of the Wahpeton Park & Recreation Foundation are discretely presented in the accompanying financial statements. The District designates management of the commission and is the benefactor upon dissolution of the Wahpeton Park & Recreation Foundation. The District is not includable as a component unit within another reporting entity.

**B. Basis of Presentation, Basis of Accounting**

Government-wide statements - The statement of net position and the statement of activities display information about the primary government (Wahpeton Park District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, fees and other non-exchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements - The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

*General Fund* – The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

*Parks and Recreation* – The Parks and Recreation Fund is used for youth and adult recreation programs including arts, basketball, baseball, trophies, volleyball, dances, track and field, swimming, football and other sports.

See Notes to Financial Statements



**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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The District reports the following fiduciary fund:

*Agency Funds* – These funds account for assets and liabilities held by the District in a custodial capacity as an agent on behalf of others. The District's agency funds are used to account for various activities of the ND Babe Ruth Baseball Fund, Richland/Wilkin Healthy Communities Fund, and Arts Council Fund.

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

Governmental funds are reported using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

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

**D. Cash and Investments**

Cash includes amounts in demand deposits and money market accounts. Cash equivalents on the statement of cash flows consist of certificates of deposit with a maturity of three months or more. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the uninsured balance.

Investments consist of certificates of deposits stated at cost with maturities greater than three months and stock in publicly traded corporations.

**E. Capital Assets**

Capital assets include land, building and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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

<u>Assets</u>	<u>Years</u>
Building	15-50
Land Improvements	15-50
Equipment	15
Vehicles	5

**F. Compensated Absences**

Upon termination of employment with the District, employees shall be paid for unused accrued vacation for the time worked. The amounts to be paid shall be based on the employee's straight-time hourly rate for the last day worked, exclusive of shift or overtime premium.

Sick leave may be accumulated without limit. However, in no event will an employee be eligible for sick leave pay after such employee has qualified for and is receiving long-term disability payments under a Park Board sponsored insurance program.

It is the policy of the District that upon retirement from the District, full-time employees shall be eligible for the payment of accrued sick leave at the employee's hourly wage at the time of retirement based upon the following scale:

<u>Hired before May 15, 2013</u>	<u>% of Accrued</u>	
<u>Years of Service</u>	<u>Sick Leave Paid</u>	
5 Years & Under	0%	
Completion of 5 Years	5%	
Completion of 10 Years	10%	
Completion of 15 Years	15%	
Completion of 20 Years	20%	
Completion of 25 Year or More	25%	

  

<u>Hired after May 15, 2013</u>	<u>% of Accrued</u>	<u>Maximum Hours</u>
<u>Years of Service</u>	<u>Sick Leave Paid</u>	<u>Accrued</u>
5 Years & Under	0%	0
Completion of 5 Years	5%	160
Completion of 10 Years	10%	320
Completion of 15 Years	15%	480
Completion of 20 Years	20%	640
Completion of 25 Year or More	25%	800

Up to 40 hours of sick leave can be transferred per year per employee to assist other staff when their sick leave hours have been used.

**G. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material. In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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**H. Fund Balance and Net Position**

GASB Statement No. 54 established new fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restriction or limitations) imposed upon the use of the resources reported in governmental funds.

*Fund Balance Spending Policy:*

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

*GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*

GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints and the purpose for which resources can be used:

<u>CLASSIFICATION</u>	<u>DEFINITION</u>	<u>EXAMPLES</u>
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Park Board. Formal action is required to be taken to establish, modify, or rescind a fund balance commitment.	By board action, construction claims and judgements, retirements of loans and notes payable, capital expenditures, and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the director.	By board action, construction claims and judgements, retirements of loans and notes payable, capital expenditures, and self-insurance.

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

CLASSIFICATION	DEFINITION	EXAMPLES
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is a fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.	Available for any remaining general fund expenditure.

*Restricted Fund Balance - Consist of the following items:*

Capital Projects Funds – Funds used for construction of building additions and renovations projects – restricted by specified tax levy.

Special Assessment Levy Fund – Funds used for special assessments – restricted by specific tax levy.

*Assigned Fund Balance - Consist of the following item:*

Special Revenue Funds – Funds set aside by the District and used only for special revenue projects.

*Unassigned Fund Balance – Consist of the following item:*

Consists of the amount reported in the general fund and fund balance deficits in other funds.

*Net Position*

The District implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position during the year ended June 30, 2013.

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

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

Restrictions of net position, shown in the Statement of Net Position, are due to restricted tax levies and bond indenture capital construction requirements for capital projects and special purposes. Unrestricted net position is primarily unrestricted amounts related to the general fund and any negative fund balances. The unrestricted net position is available to meet the District's ongoing obligations.

**I. Interfund Transactions**

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

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. In the government-wide financial statements, interfund transactions have been eliminated.

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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**J. Budgetary Data**

The budget for each governmental fund is prepared on the same basis of accounting as the financial statements.

The budget is adopted through passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revision that alters total expenditures of any fund must be approved by the governing board.

The governing board shall give preliminary approval of the District budget and give first reading of the annual appropriation ordinance by September 15th each year. Any changes in the budget must be with the revenues and reserves estimated as available by the Director of Parks and Recreation or the revenue estimates must be changed by an affirmative vote of a majority of the governing board.

It is the responsibility of the District to administer the budget in accordance with instructions of the governing board. Administration of the budget in accordance with the purchasing policies, ordinances, and goals established by the governing board, will be honored by the governing board. Any budget transfer between funds requires governing board action. The governing board will not authorize expenditures exceeding the total appropriations set forth in the final budget.

**NOTE 2 – LEGAL COMPLIANCE – BUDGETS**

Expenditures over Appropriations – General fund expenditures were more than appropriations by \$356,841 for the year ended December 31, 2019 and more than appropriation by \$231,055 for the year ended December 31, 2018. Expenditures for payroll and maintenance were more than budgeted amounts.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board. At year end December 31, 2019 and 2018, the District's carrying amounts of deposits was \$620,876 and \$577,648 and the bank balances were \$637,435 and \$643,967. Of the bank balances, \$1,000,000 was covered by Federal Depository Insurance Corporation. The remaining bank balances were collateralized with securities held by pledging financial institution's agents in the government's name.

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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*Credit Risk:*

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

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

As of December 31, 2019 and 2018, the District held 1 certificate of deposit.

*Interest Rate Risk:*

The District does not have a formal deposit policy that limits maturities as a means of managing exposure to fair-value losses arising from increasing interest rates.

*Concentration of Credit Risk:*

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

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

**NOTE 4 – DUE TO/FROM OTHER FUNDS**

The composition of due to and due from other funds as of December 31, 2019 and 2018:

Fund	2019	
	Interfund Receivable	Interfund Payable
General Fund	\$ 104,032	\$ -
Airport Park	-	38,653
Arts	-	30,292
Allmendinger Memorial	16,075	-
Bandstand Program	14,135	-
Building Construction	57,897	-
Campground Shelter	1,000	-
Community Center	167,953	-
Double Decker Bus	-	4,380
Emergency Insurance	89,542	-
Equipment Reserve	-	13,654
Flood Levy	-	529
Forestry	-	156,810
Kidder Park	1,601	-
Major Maintenance	14,945	-
Mini-Park	9,727	-
Park Capital Improvements	-	202,145
Retirement Withholding	-	24,825
Special Assessments Levy	117,890	-
Social Security	-	92,229
Swimming Pool	-	35,514
Unemployment Reserve	4,234	-
Totals	<u>\$ 599,031</u>	<u>\$ 599,031</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

2018		
Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 138,266	\$ -
Airport Park	-	38,132
Arts	-	30,292
Allmendinger Memorial	16,075	-
Bandstand Program	14,135	-
Building Construction	46,474	-
Campground Shelter	1,000	-
Community Center	161,853	-
Double Decker Bus	-	4,485
Emergency Insurance	89,542	-
Equipment Reserve	-	6,150
Flood Levy	-	529
Forestry	-	138,581
Kidder Park	8,515	-
Major Maintenance	13,428	-
Mini-Park	10,161	-
Park Capital Improvements	-	230,819
Retirement Withholding	-	24,825
Special Assessments Levy	86,582	-
Social Security	-	92,229
Swimming Pool	-	24,223
Unemployment Reserve	4,234	-
Totals	<u>\$ 590,265</u>	<u>\$ 590,265</u>

The composition of due to and from other funds is related to negative cash balances in nonmajor funds for the years ended December 31, 2019 and 2018.



**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

**NOTE 5 – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2019 and 2018:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 115,500	\$ 2,747	\$ -	\$ 118,247
Total Capital Assets, not being depreciated	115,500	2,747	-	118,247
Capital Assets, being depreciated				
Buildings and Improvements	3,324,509	69,626	-	3,394,135
Land Improvements	1,197,758	6,179	-	1,203,937
Vehicles	25,059	21,649	-	46,708
Equipment	525,434	35,491	-	560,925
Total Capital Assets, being depreciated	5,072,760	132,945	-	5,205,705
Less Accumulated Depreciation for:				
Buildings and Improvements	1,750,045	76,092	-	1,826,137
Land Improvements	552,407	48,871	-	601,278
Vehicles	25,059	4,330	-	29,389
Equipment	377,553	25,336	-	402,889
Total Accumulated Depreciation	2,705,064	154,629	-	2,859,693
Total Capital Assets Being Depreciated, net	2,367,696	(21,684)	-	2,346,012
Governmental Activities Capital Assets, net	\$ 2,483,196	\$ (18,937)	\$ -	\$ 2,464,259

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 115,500	\$ -	\$ -	\$ 115,500
Total Capital Assets, not being depreciated	115,500	-	-	115,500
Capital Assets, being depreciated				
Buildings and Improvements	3,305,932	18,577	-	3,324,509
Land Improvements	1,183,787	13,971	-	1,197,758
Vehicles	25,059	-	-	25,059
Equipment	480,574	44,860	-	525,434
Total Capital Assets, being depreciated	4,995,352	77,408	-	5,072,760
Less Accumulated Depreciation for:				
Buildings and Improvements	1,678,597	71,448	-	1,750,045
Land Improvements	503,948	48,459	-	552,407
Vehicles	25,059	-	-	25,059
Equipment	351,877	25,676	-	377,553
Total Accumulated Depreciation	2,559,481	145,583	-	2,705,064
Total Capital Assets Being Depreciated, net	2,435,871	(68,175)	-	2,367,696
Governmental Activities Capital Assets, net	\$ 2,551,371	\$ (68,175)	\$ -	\$ 2,483,196

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

Governmental Activities	2019	2018
Culture and Recreation	\$ 154,629	\$ 145,583

**NOTE 6 – LONG-TERM LIABILITIES**

During the year ended December 31, 2019 and 2018, the following changes occurred in liabilities reported in long-term liabilities:

	Long-term Liabilities at January 1, 2019	Increases	Decreases	Long-term Liabilities at December 31, 2019	Due Within One Year
Governmental Activities					
Special Assessments Payable	\$ 6,369	\$ 2,747	\$ (2,747)	\$ 6,369	\$ 3,731
Total - Governmental Activities	\$ 6,369	\$ 2,747	\$ (2,747)	\$ 6,369	\$ 3,731

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

	Long-term Liabilites at January 1, 2018	Increases	Decreases	Long-term Liabilites at December 31, 2018	Due Within One Year
Governmental Activities					
Special Assessments Payable	\$ 9,007	\$ -	\$ (2,638)	\$ 6,369	\$ 3,731
Total - Governmental Activities	<u>\$ 9,007</u>	<u>\$ -</u>	<u>\$ (2,638)</u>	<u>\$ 6,369</u>	<u>\$ 3,731</u>

**NOTE 7 – RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDRIF for its general liability, automobile, and inland marine coverage. The coverage by NDRIF is limited to losses of \$1,000,000 per occurrence.

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period. The State Bonding Fund currently provides political subdivision with blanket fidelity bond coverage in the amount of \$394,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The District participates in the North Dakota Workforce Safety & Insurance and purchases commercial insurance for employee health and accident insurance.

The District has elected to be self-insured and retain all risk for liabilities resulting from claims of unemployment benefits. During the years ended December 31, 2019 and 2018, no claims were filed for unemployment benefits.

**NOTE 8 – PENSION PLAN**

**General Information about the NDPERS Pension Plan**

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 multi-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 seven members.

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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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; and one member elected by the retired public employees.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions 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 a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. 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 member's accumulated contributions plus interest.

**Death and Disability Benefits**

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

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

**Refunds of Member Account Balance**

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

**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. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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

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

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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

At December 31, 2019 and 2018, if the District were to report on the full accrual basis, a liability of \$569,662 and \$870,114 for its proportionate share of the net pension liability would have been reported. The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2019 and 2018, the District's proportion was .048603 and .051559 percent. There were no deferred inflows or outflows of resources reported on the District's financial statements as they were reporting on the modified cash basis of accounting.

**Actuarial assumptions**

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%		
Salary Increases	Service 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	7.50%, 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 Mortality Table set back one year for males (no setback for females) multiplied by 125%.

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

**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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

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

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the 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.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At December 31, 2019 and 2018 if the District were to report on the full accrual basis, a liability of \$36,389 and 38,124 for its proportionate share of the net OPEB liability would have been reported. The net OPEB liability was measured as of June 30, 2019 and 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019 and 2018, the District's proportion was .045306 and .048407 percent. There were no deferred inflows or outflows of resources reported on the District's financial statements as they were reporting on the modified cash basis of accounting.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Notes to Financial Statements – Continued**

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 Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

**NOTE 10 – FUND BALANCE DEFICIT**

The following funds reported funds reported a fund balance deficit due to expenditures in excess of revenues. The District will replenish fund balance deficits with resources from the general fund.

**NOTE 11 – RELATED ORGANIZATIONS**

The Wahpeton Park Board has a written agreement with the Chahinkapa Zoo Association, an IRS approved 501(c)(3) non-profit that documents the relationship and responsibilities of both organizations, including:

- Expenditure of funds.
- Development and capital improvements.
- Management and maintenance.
- Fund-raising.
- Property and liability insurance.
- Employment relations.

The Chahinkapa Zoo Director is employed by the District and serves as a liaison and makes monthly written reports to both organizations. The District is not required to extend funds for the construction, development, or maintenance of the Zoo, however, the District may provide any additional funding as it deems appropriate. During the years ended December 31, 2019 and 2018, the District did not provide any additional funding.

See Notes to Financial Statements



**NOTE 12 - SUBSEQUENT EVENTS**

The District has evaluated subsequent events through January 13, 2022, the date on which the financial statements were available to be issued.

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS**  
**Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 516,251	\$ 516,251	\$ 519,827	\$ 3,576
Donations	6,000	6,000	3,000	(3,000)
Charges for Services	36,106	36,106	99,705	63,599
Intergovernmental	136,284	136,284	193,650	57,366
Interest	633	633	2,588	1,955
Miscellaneous	1,228	1,228	36,660	35,432
Total Revenues	696,502	696,502	855,430	158,928
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	500,371	500,371	857,212	(356,841)
Total Expenditures	500,371	500,371	857,212	(356,841)
Excess (Deficiency) of Revenues over Expenditures	196,131	196,131	(1,782)	(197,913)
FUND BALANCE, BEGINNING OF YEAR			476,143	
FUND BALANCE, END OF YEAR			\$ 474,361	

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS**  
**Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 549,399	\$ 549,399	\$ 511,461	\$ (37,938)
Donations	6,000	6,000	8,930	2,930
Charges for Services	73,500	73,500	71,326	(2,174)
Intergovernmental	134,181	134,181	179,172	44,991
Interest	250	250	1,666	1,416
Miscellaneous	13,000	13,000	29,274	16,274
Total Revenues	<u>776,330</u>	<u>776,330</u>	<u>801,829</u>	<u>25,499</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	<u>639,699</u>	<u>639,699</u>	<u>870,754</u>	<u>(231,055)</u>
Total Expenditures	<u>639,699</u>	<u>639,699</u>	<u>870,754</u>	<u>(231,055)</u>
Excess (Deficiency) of Revenues over Expenditures	136,631	136,631	(68,925)	(205,556)
FUND BALANCE, BEGINNING OF YEAR			<u>545,068</u>	
FUND BALANCE, END OF YEAR			<u>\$ 476,143</u>	

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION FUND – MODIFIED CASH BASIS**  
**Year Ended December 31, 2019**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 593,350	\$ 593,350	\$ 403,483	\$ (189,867)
Total Revenues	593,350	593,350	403,483	(189,867)
EXPENDITURES				
Current				
Culture and Recreation	593,350	593,350	395,101	198,249
Total Expenditures	593,350	593,350	395,101	198,249
Excess of Revenues over Expenditures	-	-	8,382	8,382
FUND BALANCE, BEGINNING OF YEAR			<u>251,272</u>	
FUND BALANCE, END OF YEAR			<u>\$ 259,654</u>	

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION FUND – MODIFIED CASH BASIS**  
**Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Charges for Services	\$ 563,150	\$ 563,150	\$ 428,562	\$ (134,588)
Total Revenues	563,150	563,150	428,562	(134,588)
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	563,150	563,150	393,662	169,488
Total Expenditures	563,150	563,150	393,662	169,488
Excess of Revenues over Expenditures	-	-	34,900	34,900
FUND BALANCE, BEGINNING OF YEAR			216,372	
FUND BALANCE, END OF YEAR			<u>\$ 251,272</u>	

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET MODIFIED CASH BASIS**  
**December 31, 2019**

	Building Construction	Special Assessments Levy	Special Revenue Funds	Equipment Reserve	Park Capital Improvements	Swimming Pool	Total Other Governmental Funds
<b>ASSETS</b>							
Due from Other Funds	\$ 57,897	\$ 117,890	\$ 319,212	\$ -	\$ -	\$ -	\$ 494,999
Total Assets	57,897	117,890	319,212	-	-	-	494,999
<b>LIABILITIES</b>							
Due to Other Funds	-	-	347,718	13,654	202,145	35,514	599,031
Total Liabilities	-	-	347,718	13,654	202,145	35,514	599,031
<b>FUND BALANCE (DEFICIT)</b>							
Restricted	57,897	117,890	-	-	-	-	175,787
Unassigned (Deficit)	-	-	(28,506)	(13,654)	(202,145)	(35,514)	(279,819)
Total Fund Balance (Deficit)	57,897	117,890	(28,506)	(13,654)	(202,145)	(35,514)	(104,032)
Total Liabilities and Fund Balance (Deficit)	\$ 57,897	\$ 117,890	\$ 319,212	\$ -	\$ -	\$ -	\$ 494,999

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET MODIFIED CASH BASIS**  
**December 31, 2018**

	Building Construction	Special Assessments Levy	Special Revenue Funds	Equipment Reserve	Park Capital Improvements	Swimming Pool	Total Other Governmental Funds
<b>ASSETS</b>							
Due from Other Funds	\$ 46,474	\$ 86,582	\$ 318,943	\$ -	\$ -	\$ -	\$ 451,999
Total Assets	46,474	86,582	318,943	-	-	-	451,999
<b>LIABILITIES</b>							
Due to Other Funds	-	-	329,073	6,150	230,819	24,223	590,265
Total Liabilities	-	-	329,073	6,150	230,819	24,223	590,265
<b>FUND BALANCE (DEFICIT)</b>							
Restricted	46,474	86,582	-	-	-	-	133,056
Unassigned (Deficit)	-	-	(10,130)	(6,150)	(230,819)	(24,223)	(271,322)
Total Fund Balance (Deficit)	46,474	86,582	(10,130)	(6,150)	(230,819)	(24,223)	(138,266)
Total Liabilities and Fund Balance (Deficit)	\$ 46,474	\$ 86,582	\$ 318,943	\$ -	\$ -	\$ -	\$ 451,999

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2019**

	Building Construction	Special Assessments Levy	Special Revenue Funds	Equipment Reserve	Park Capital Improvements	Swimming Pool	Total Other Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 14,145	\$ 34,055	\$ -	\$ 14,145	\$ 42,435	\$ 14,145	\$ 118,925
Donations	-	-	25	-	5,000	13,854	18,879
Charges for Services	-	-	11,466	-	-	-	11,466
Intergovernmental	-	-	40,000	-	-	-	40,000
Total Revenues	14,145	34,055	51,491	14,145	47,435	27,999	189,270
<b>EXPENDITURES</b>							
Current							
Culture and Recreation	2,722	-	69,867	21,649	18,761	39,290	152,289
Debt Service							
Special Assessments	-	2,747	-	-	-	-	2,747
Total Expenditures	2,722	2,747	69,867	21,649	18,761	39,290	155,036
Excess (Deficiency) of Revenues over Expenditures	11,423	31,308	(18,376)	(7,504)	28,674	(11,291)	34,234
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	46,474	86,582	(10,130)	(6,150)	(230,819)	(24,223)	(138,266)
FUND BALANCE (DEFICIT), END OF YEAR	\$ 57,897	\$ 117,890	\$ (28,506)	\$ (13,654)	\$ (202,145)	\$ (35,514)	\$ (104,032)



**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2018**

	Building Construction	Special Assessments Levy	Special Revenue Funds	Equipment Reserve	Park Capital Improvements	Swimming Pool	Total Other Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 13,910	\$ 33,523	\$ -	\$ 13,910	\$ 41,730	\$ 13,910	\$ 116,983
Donations	-	-	2,125	-	-	1,000	3,125
Charges for Services	-	-	11,435	-	-	-	11,435
Intergovernmental	-	-	40,000	-	-	-	40,000
Total Revenues	<u>13,910</u>	<u>33,523</u>	<u>53,560</u>	<u>13,910</u>	<u>41,730</u>	<u>14,910</u>	<u>171,543</u>
<b>EXPENDITURES</b>							
Current							
Culture and Recreation	20,003	-	81,164	33,990	11,700	17,129	163,986
Debt Service							
Interest and Other Charges	-	277	-	-	-	-	277
Special Assessments	-	2,638	-	-	-	-	2,638
Total Expenditures	<u>20,003</u>	<u>2,915</u>	<u>81,164</u>	<u>33,990</u>	<u>11,700</u>	<u>17,129</u>	<u>166,901</u>
Excess (Deficiency) of Revenues over Expenditures	(6,093)	30,608	(27,604)	(20,080)	30,030	(2,219)	4,642
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>52,567</u>	<u>55,974</u>	<u>17,474</u>	<u>13,930</u>	<u>(260,849)</u>	<u>(22,004)</u>	<u>(142,908)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 46,474</u>	<u>\$ 86,582</u>	<u>\$ (10,130)</u>	<u>\$ (6,150)</u>	<u>\$ (230,819)</u>	<u>\$ (24,223)</u>	<u>\$ (138,266)</u>



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

Park Board  
Wahpeton Park District  
Wahpeton, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Wahpeton Park District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Wahpeton Park District's basic financial statements, and have issued our report thereon dated January 13, 2022.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Wahpeton Park District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wahpeton Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2019-001, 2019-002, and 2019-003).

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

As part of obtaining reasonable assurance about whether Wahpeton Park District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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*.

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

Wahpeton Park District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wahpeton Park 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Nadine Julson, LLC  
Wahpeton, North Dakota  
January 13, 2022

**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Years ended December 31, 2019 and 2018**

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*2019-001 INADEQUATE SEGREGATION OF DUTIES*

***Criteria***

The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

***Condition***

Proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel, so duties of employees are properly segregated. More segregation of duties would provide better control over the assets of the District.

***Effect or Potential Effect***

Without sufficient segregation of duties, the risk significant increases that errors and fraud related to cash receipts, disbursements, and reconciliations, including misappropriation of assets, could occur and not be detected within a timely basis.

***Recommendation***

The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

***Views of Responsible Officials***

There is no disagreement with the audit finding and we understand that this will be a repeated recommendation due to the limited resources of the District.

***Indication of Repeat Finding***

This is a repeat finding from the prior year.

**WAHPETON PARK DISTRICT**  
**Schedule of Finding and Responses - Continued**

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*2019-002 FINANCIAL STATEMENT PREPARATION*

***Criteria***

A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements, including recording government wide journal entries in order to reconcile from the fund financials to the government wide financials and ensuring all general ledger accounts are properly reflected on a GAAP basis.

***Condition***

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including recording government wide journal entries. As auditors, we were requested to draft the financial statements, which include proposing government wide journal entries, and drafting the accompanying notes to the financial statements.

***Effect or Potential Effect***

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

***Recommendation***

We recommend the District be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. As a compensating control, the District should establish an internal control policy to document annual review of the financial statements and to review a financial statement disclosure checklist.

***Views of Responsible Officials***

The District will continue to have the auditor prepare the financial statements. It is currently not cost-effective for management to perform the preparation.

***Indication of Repeat Finding***

This is a repeat of finding from the prior year.

**WAHPETON PARK DISTRICT**  
**Schedule of Finding and Responses - Continued**

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*2019-003 BANK RECONCILIATIONS*

***Criteria***

During our audit, we noted that the checking, savings, and CD accounts are not being reconciled to bank statements accurately.

***Condition***

There is no evidence that bank reconciliations were prepared accurately or reviewed for accuracy. Numerous errors were identified when reconciling cash and investments to general ledger activities.

***Effect***

The lack of controls increases the risk of fraud and the risk of misstatement to the District's financial statements.

***Recommendation***

We recommend that the District employ procedures to review reconciliations performed.

***Views of Responsible Officials***

There is no disagreement with the audit finding.

***Indication of Repeat Finding***

This is a repeat of finding from the prior year.