



Devils Lake Park Board

Devils Lake, North Dakota

Audit Report

For the Year Ended December 31, 2015

ROBERT R. PETERSON
STATE AUDITOR

Office of the State Auditor
Division of Local Government

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

TABLE OF CONTENTS
For the Year Ended December 31, 2015

	<u>Page(s)</u>
Park Board Officials	1
Independent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	9
Notes to the Financial Statements	10 - 21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	22
Pension Schedules	23
Notes to the Required Supplementary Information	24
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	26
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	27 - 28
Schedule of Findings and Questioned Costs	29
Management's Letter	30 - 32

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

OFFICIALS

December 31, 2015

Jamie Beck

President

Kale Stromme

Vice-President

Lisa Uhlenkamp

Commissioner

Peter Jerome

Commissioner

Mike Dunn

Commissioner

Terry Wallace

Superintendent

Heather Brandvold

Office Manager

STATE AUDITOR

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



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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Park Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2015, the Devils Lake Park Board adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information*, the *schedules of net pension liabilities and pension contribution*, and the *notes to the required supplementary information* on pages 22-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2016 on our consideration of Devils Lake Park Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Devils Lake Park Board's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
August 5, 2016

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

STATEMENT OF NET POSITION
December 31, 2015

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Investments	\$ 750,384
Intergovernmental Receivable	46,660
Accounts Receivable	4,929
Due from County	1,621
Taxes Receivable	15,787
Capital Assets (not being depreciated):	
Land	245,597
Capital Assets (being depreciated):	
Buildings	929,458
Infrastructure	1,124,846
Playground Equipment	188,976
Vehicles and Equipment	95,970
Total Capital Assets	<u>\$ 2,584,847</u>
Total Assets	<u>\$ 3,404,228</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension	<u>\$ 97,099</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,501,327</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 18,673
Salaries Payable	5,065
Interest Payable	13,573
Long-Term Liabilities:	
Due Within One Year:	
Special Assessments	38,936
Compensated Absences Payable	3,693
Due After One Year:	
Special Assessments	197,110
Compensated Absences Payable	33,240
Net Pension Liability	93,307
Total Liabilities	<u>\$ 403,597</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	<u>\$ 10,768</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 414,365</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	\$ 2,584,847
Restricted for:	
Capital Projects	135,617
Park Operations	11,707
Unrestricted	<u>354,791</u>
Total Net Position	<u>\$ 3,086,962</u>

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
<u>Governmental Activities:</u>					
Park Operations	\$ 744,998	\$ -	\$ 7,455	\$ 6,420	\$ (731,123)
Recreation Programs	420,820	268,951	-	-	(151,869)
Interest on Long-Term Debt	16,623	-	-	-	(16,623)
Total Governmental Activities	\$ 1,182,441	\$ 268,951	\$ 7,455	\$ 6,420	\$ (899,615)
<u>General Revenues:</u>					
Taxes:					
Property taxes; levied for general purposes					\$ 547,220
Property taxes; levied for capital projects					72,332
Property taxes; levied for debt service					33,448
State revenue sharing and other unrestricted grants					228,355
Interest					1,438
Concession Income					61,358
Miscellaneous Revenue					40,492
Total General Revenues					\$ 984,643
Change in Net Position					\$ 85,028
Net Position - January 1					\$ 3,001,934
Net Position - December 31					\$ 3,086,962

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Project		
ASSETS					
Cash	\$ 573,975	\$ 25,073	\$ 133,720	\$ 17,616	\$ 750,384
Intergovernmental Receivable	46,660	-	-	-	46,660
Accounts Receivable	4,929	-	-	-	4,929
Due from County	1,298	83	161	79	1,621
Taxes Receivable	12,155	909	1,736	987	15,787
Total Assets	\$ 639,017	\$ 26,065	\$ 135,617	\$ 18,682	\$ 819,381
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
<u>Liabilities:</u>					
Accounts Payable	\$ 18,673	\$ -	\$ -	\$ -	\$ 18,673
Salaries Payable	5,065	-	-	-	5,065
Total Liabilities	\$ 23,738	\$ -	\$ -	\$ -	\$ 23,738
<u>Deferred Inflows of Resources:</u>					
Taxes Receivable	\$ 12,155	\$ 909	\$ 1,736	\$ 987	\$ 15,787
Total Liabilities and Deferred Inflows of Resources	\$ 35,893	\$ 909	\$ 1,736	\$ 987	\$ 39,525
<u>Fund Balances:</u>					
<u>Restricted for:</u>					
Capital Projects	\$ -	\$ -	\$ 133,881	\$ -	\$ 133,881
Debt Service	-	25,156	-	-	25,156
Park Operations	-	-	-	17,695	17,695
<u>Unassigned</u>	603,124	-	-	-	603,124
Total Fund Balances	\$ 603,124	\$ 25,156	\$ 133,881	\$ 17,695	\$ 779,856
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 639,017	\$ 26,065	\$ 135,617	\$ 18,682	\$ 819,381

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2015

Total *Fund Balances* for Governmental Funds \$ 779,856

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

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

Cost of Capital Assets	\$ 6,254,424	
Less Accumulated Depreciation	<u>(3,669,577)</u>	2,584,847

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds. 15,787

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 97,099	
Deferred Inflows Related to Pensions	<u>(10,768)</u>	<u>86,331</u>

Long-term liabilities applicable to the Park Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position. Balances at December 31, 2015 are:

Special Assessments Payable	\$ (236,046)	
Interest Payable	(13,573)	
Compensated Absences	(36,933)	
Net Pension Liability	<u>(93,307)</u>	<u>(379,859)</u>

Total Net Position of Governmental Activities \$ 3,086,962

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

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

For the Year Ended December 31, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Project		
<u>Revenues:</u>					
Taxes	\$ 505,666	\$ 33,593	\$ 71,915	\$ 38,646	\$ 649,820
Intergovernmental	228,355	-	13,875	-	242,230
Charges for Services	268,951	-	-	-	268,951
Interest Income	1,438	-	-	-	1,438
Concession Income	61,358	-	-	-	61,358
Miscellaneous	20,614	-	19,878	-	40,492
Total Revenues	\$ 1,086,382	\$ 33,593	\$ 105,668	\$ 38,646	\$ 1,264,289
<u>Expenditures:</u>					
Current:					
Recreation Programs	\$ 320,558	\$ -	\$ -	\$ -	\$ 320,558
Park Operations	578,685	-	-	68,189	646,874
Capital Outlay	-	-	94,745	-	94,745
Debt Service:					
Principal	-	38,936	-	-	38,936
Interest and Fees	-	18,861	-	-	18,861
Total Expenditures	\$ 899,243	\$ 57,797	\$ 94,745	\$ 68,189	\$ 1,119,974
Excess (Deficiency) of Revenues Over Expenditures	\$ 187,139	\$ (24,204)	\$ 10,923	\$ (29,543)	\$ 144,315
<u>Other Financing Sources (Uses):</u>					
Transfers In	\$ 28,000	\$ -	\$ 26,000	\$ -	\$ 54,000
Transfers Out	(54,000)	-	-	-	(54,000)
Total Other Financing Sources and Uses	\$ (26,000)	\$ -	\$ 26,000	\$ -	\$ -
Net Change in Fund Balances	\$ 161,139	\$ (24,204)	\$ 36,923	\$ (29,543)	\$ 144,315
Fund Balance - January 1	\$ 441,985	\$ 49,360	\$ 96,958	\$ 47,238	\$ 635,541
Fund Balance - December 31	\$ 603,124	\$ 25,156	\$ 133,881	\$ 17,695	\$ 779,856

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Net Change in *Fund Balances* - Total Governmental Funds \$ 144,315

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

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

Current Year Capital Outlay	\$ 54,431	
Capital Contribution	6,420	
Current Year Depreciation Expense	<u>(152,388)</u>	(91,537)

Miscellaneous transactions involving capital assets caused a decrease in net position.

Loss on Disposals of Capital Assets	(1,400)
-------------------------------------	---------

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

Special Assessments Repayment	38,936
-------------------------------	--------

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

Decrease in Interest Payable	\$ 2,238	
Increase in Compensated Absences	<u>(3,728)</u>	(1,490)

The Net Pension Liability, and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Increase in Net Pension Liability	\$ (93,307)	
Increase in Deferred Outflows of Resources	97,099	
Increase in Deferred Inflows of Resources	<u>(10,768)</u>	(6,976)

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

<u>3,180</u>

Change in Net Position of Governmental Activities	<u><u>\$ 85,028</u></u>
---------------------------------------------------	-------------------------

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-wide and fund financial statements

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

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

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

The Park Board reports the following major governmental funds:

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

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

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

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

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

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

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

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

D. Cash and Investments

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

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

E. Capital Assets

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

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

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

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

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

ASSETS	YEARS
Infrastructure	10 – 30
Buildings	20 – 50
Playground Equipment	20
Vehicles and Equipment	5 – 15

F. Compensated Absences

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

G. Long-Term Obligations

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

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

H. Pensions

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.

I. Fund Balances / Net Position

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

Fund Balance Spending Policy:

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

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

Fund Balance Reporting and Governmental Fund Type Definitions

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

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

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

Devils Lake Park Board only has restricted and unassigned fund balances at December 31, 2015.

Restricted Fund Balances – consist of the following items at December 31, 2015:

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

Special Revenue Funds – Restricted Fund Balances:

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

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

Net Position:

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

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

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

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

NOTE 2: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

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

	EXPENDITURES		
	Original Budget	Budget Amendment	Amended Budget
<u>Major Funds:</u>			
General Fund	\$ 1,010,160	\$ 10,322	\$ 1,020,482
Debt Service Funds	55,435	2,362	57,797
<u>Nonmajor Funds</u>			
Social Security	33,000	1,033	34,033
Employee Pension	27,000	7,156	34,156

NOTE 3: DEPOSITS

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

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

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

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

At year ended December 31, 2015, the Park Board's carrying amount of deposits was \$749,458, and the bank balance was \$776,934. Of the bank balances, \$596,717 was covered by Federal Depository Insurance. The remaining bank balances of \$180,217 were collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk:

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

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

As of December 31, 2015, the Park Board held certificates of deposit in the amount of \$2,227, which are all considered deposits.

Concentration of Credit Risk:

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

NOTE 4: INTERGOVERNMENTAL RECEIVABLES

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

NOTE 5: ACCOUNTS RECEIVABLE

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

NOTE 6: DUE FROM COUNTY

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

NOTE 7: TAXES RECEIVABLE

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

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

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

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

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

NOTE 8: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2015:

PRIMARY GOVERNMENT: Governmental Activities:	Balance 1/1/15	Increases	Decreases	Balance 12/31/15
<i>Capital assets not being depreciated:</i>				
Land	\$ 245,597	\$ -	\$ -	\$ 245,597
<i>Capital assets being depreciated:</i>				
Buildings	\$ 3,056,991	\$ 19,128	\$ -	\$ 3,076,119
Infrastructure	2,341,381	18,323	-	2,359,704
Playground Equipment	270,813	-	-	270,813
Vehicles and Equipment	292,792	23,400	14,000	302,192
Total Capital Assets, Being Depreciated	\$ 5,961,977	\$ 60,851	\$ 14,000	\$ 6,008,828
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$ 2,090,043	\$ 56,618	\$ -	\$ 2,146,661
Infrastructure	1,176,016	58,842	-	1,234,858
Playground Equipment	65,150	16,687	-	81,837
Vehicles and Equipment	198,581	20,241	12,600	206,222
Total Accumulated Depreciation	\$ 3,529,790	\$ 152,388	\$ 12,600	\$ 3,669,578
Total Capital Assets Being Depreciated, Net	\$ 2,432,187	\$ (91,537)	\$ 1,400	\$ 2,339,250
Governmental Activities Capital Assets, Net	\$ 2,677,784	\$ (91,537)	\$ 1,400	\$ 2,584,847

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

Governmental Activities:	Amounts
Park Operations	\$ 86,020
Recreation Programs	66,368
Total Depreciation Expense-Governmental Activities	\$ 152,388

NOTE 9: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions consisting of the differences between expected and actual experience, the changes in proportion and differences between employer contributions and proportionate share of contributions, and contributions made past the plan measurement date.

NOTE 10: ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2015 and chargeable to the appropriations for the year then ended, but paid for subsequent to that date.

NOTE 11: SALARIES PAYABLE

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

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

NOTE 12: DEFERRED INFLOWS OF RESOURCES

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

Deferred inflows of resources in the government wide financial statements consist of amounts related to pensions consisting of the change in proportion and differences between employer contributions and proportionate share of contributions, the net difference between projected and actual investment earnings on pension plan investments, and the changes in assumptions of the pension plan.

NOTE 13: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long-term debt (line of credit payable) outstanding at December 31, 2015.

NOTE 14: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities - During the year ended December 31, 2015, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:

Governmental Activities:	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015	Due Within One Year
Special Assessments	\$ 274,982	\$ -	\$ 38,936	\$ 236,046	\$ 38,936
Compensated Absences *	33,205	3,728	-	36,933	3,693
Net Pension Liability	-	93,307	-	93,307	-
Total Governmental Activities	\$ 308,187	\$ 97,035	\$ 38,936	\$ 366,286	\$ 42,629

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

Long-term liabilities at December 31, 2015 is comprised of the following individual issue:

Special Assessments Payable to the city represents special assessments levied by the City of Devils Lake, ND against the Park Board for the board's share of the benefit derived from city funded improvements. Payable in annual installments of \$1,618 to \$38,936 through 2024; with interest at 5.5% to 6.0%.

\$236,046

The annual debt service requirements for all long-term liabilities outstanding, except compensated absences and pensions, as of December 31, 2015 are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending	Special Assessments	
	Principal	Interest
2015	\$ 38,936	\$ 14,163
2016	38,936	11,827
2017	38,936	9,490
2018	38,128	7,154
2019	38,128	4,867
2020 - 2024	42,982	3,161
Total	\$ 236,046	\$ 50,662

NOTE 15: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (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 Devils Lake Park Board pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and two million automobile liability and \$286,773 for public assets coverage.

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

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

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

NOTE 16: PENSION PLAN**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 seven 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; and one member elected by the retired public employees.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). The annual 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 of 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.

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 25 months of service	Greater of two percent of monthly salary or \$25
26 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

Member and Employer Contributions

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

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

At 12/31/2015, the Employer reported a liability of \$93,307 for its proportionate share of the net pension liability. The net pension liability was measured as of 06/30/2015 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 June 20, 2015 the Employer's proportion was .013722 percent, which was an increase of .013722 percent from its proportion measured as of June 30, 2014.

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

For the year ended 12/31/2015 the Employer recognized pension expense of \$25,733. At 12/31/2015 the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,707	\$ -
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	485
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	84,339	1,970
Changes of Assumptions	-	8,313
District Contributions Subsequent to the Measurement Date	10,053	-
Total	\$ 97,099	\$ 10,768

\$10,053 is 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 12/31/2016.

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

2016	\$ (2,526)
2017	(2,526)
2018	(2,526)
2019	1,544
2020	(1,541)

Actuarial assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary Increases	3.85% per annum for four years, then 4.50% per annum
Investment Rate of Return	8.00%, 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 with ages set back three years. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with ages set back one year for males (not set back for females).

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2010. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for NDPERS.

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 table following on the next page:

DEVILS LAKE PARK BOARD

Notes to the Financial Statements – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.55%
International Fixed Income	5%	.90%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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 8 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 (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$ 143,082	\$ 93,307	\$ 52,583

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

NOTE 17: TRANSFERS

The Park Board made the following transfers in 2015:

Fund	Transfers In	Transfers Out
General	\$ 28,000	\$ 54,000
Capital Projects	26,000	-
Total Transfers	\$ 54,000	\$ 54,000

NOTE 18: SUBSEQUENT EVENTS

On January 1, 2016, the Park Board took over all operations of the Creel Bay Golf Course. All assets and land were transferred into the Park District's name.

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 510,000	\$ 510,000	\$ 505,666	\$ (4,334)
Intergovernmental	265,068	265,068	228,355	(36,713)
Charges for Services	253,900	253,900	268,951	15,051
Interest	1,000	1,000	1,438	438
Concession Income	65,800	65,800	61,358	(4,442)
Miscellaneous	15,000	15,000	20,614	5,614
Total Revenues	<u>\$ 1,110,768</u>	<u>\$ 1,110,768</u>	<u>\$ 1,086,382</u>	<u>\$ (24,386)</u>
<u>Expenditures:</u>				
Current:				
Recreation Programs	\$ 620,460	\$ 630,782	\$ 320,558	\$ 310,224
Park Operations	389,700	389,700	578,685	(188,985)
Total Expenditures	<u>\$ 1,010,160</u>	<u>\$ 1,020,482</u>	<u>\$ 899,243</u>	<u>\$ 121,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 100,608</u>	<u>\$ 90,286</u>	<u>\$ 187,139</u>	<u>\$ 96,853</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Transfers Out	(54,000)	(54,000)	(54,000)	-
Total Other Financing Sources and Uses	<u>\$ (26,000)</u>	<u>\$ (26,000)</u>	<u>\$ (26,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 74,608</u>	<u>\$ 64,286</u>	<u>\$ 161,139</u>	<u>\$ 96,853</u>
Fund Balance - January 1	<u>\$ 441,985</u>	<u>\$ 441,985</u>	<u>441,985</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 516,593</u></u>	<u><u>\$ 506,271</u></u>	<u><u>\$ 603,124</u></u>	<u><u>\$ 96,853</u></u>

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

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

PENSION SCHEDULES
For the Year Ended December 31, 2015

**Schedule of Employer's Share of Net Pension Liability
ND Public Employees Retirement System
Last 10 Fiscal Years***

	2014	2015
District's proportion of the net pension liability (asset)	0.000000%	0.013722%
District's proportionate share of the net pension liability (asset)	\$ -	\$ 93,307
District's covered-employee payroll	\$ -	\$ 122,242
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	77.15%

* Complete data for this schedule is not available prior to 2014. Devils Lake Park joined NDPERS in 2015.

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years***

	2014	2015
Statutorily required contribution	\$ -	\$ 8,704
Contributions in relation to the statutorily required contribution	\$ -	\$ (8,704)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ -	\$ 122,242
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

* Complete data for this schedule is not available prior to 2014. Devils Lake Park joined NDPERS in 2015.

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

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

NOTE 2: PENSIONS - CHANGES OF ASSUMPTIONS

Amounts reported in 2015 reflect actuarial assumption changes effective July 1, 2015 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.

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

	Social Security	Employee Retirement	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 12,708	\$ 4,908	\$ 17,616
Due from County	35	45	79
Taxes Receivable	429	558	987
Total Assets	<u>\$ 13,171</u>	<u>\$ 5,511</u>	<u>\$ 18,682</u>
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>Deferred Inflows of Resources:</u>			
Taxes Receivable	<u>\$ 429</u>	<u>\$ 558</u>	<u>\$ 987</u>
<u>Fund Balances:</u>			
<u>Restricted for:</u>			
General Government	<u>\$ 12,742</u>	<u>\$ 4,953</u>	<u>\$ 17,695</u>
Total Liabilities and Fund Balances	<u>\$ 13,171</u>	<u>\$ 5,511</u>	<u>\$ 18,682</u>

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Social Security	Employee Pension	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 20,922	\$ 17,724	\$ 38,646
<u>Expenditures:</u>			
Current:			
General Government	\$ 34,033	\$ 34,156	\$ 68,189
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,111)	\$ (16,432)	\$ (29,543)
Fund Balance - January 1	\$ 25,853	\$ 21,385	\$ 47,238
Fund Balance - December 31	\$ 12,742	\$ 4,953	\$ 17,695

STATE AUDITOR

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



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

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

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 Commissioners
Devils Lake Park Board
Devils Lake, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Devils Lake Park Board's basic financial statements, and have issued our report thereon dated August 5, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

DEVILS LAKE PARK BOARD

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Compliance and Other Matters

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

Purpose of this Report

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
August 5, 2016

DEVILS LAKE PARK BOARD
Devils Lake, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued?

Governmental Activities

Unmodified

Major Funds

Unmodified

Aggregate Remaining Fund Information

Unmodified

Internal Control Over Financial Reporting

Material weaknesses identified?

_____ Yes X None noted

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None noted

Noncompliance material to financial statements noted?

_____ Yes X None noted

Section II – Financial Statement Findings

No matters were reported

STATE AUDITOR

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



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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Devils Lake Park Board, Devils Lake, North Dakota, for the year ended December 31, 2015, and have issued our report thereon dated August 5, 2016. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter dated July 18, 2016, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered Devils Lake Park Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Devils Lake Park Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Devils Lake Park Board's internal control over financial reporting.

As part of obtaining reasonable assurance about whether Devils Lake Park Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Devils Lake Park Board's compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Devils Lake Park Board are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2015. GASB Statement 68 (Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27), and GASB Statement 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68) were adopted during the year ended December 31, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented 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 most sensitive estimate affecting the financial statements is useful lives of capital assets.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter 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 representations from management that are included in the management representation letter dated August 5, 2016.

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 park board'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.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

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.

The following presents our informal recommendation:

* * * * *

SEGREGATION OF DUTIES

The Devils Lake Park Board, Devils Lake, North Dakota, has only one individual responsible for most accounting functions. Limited segregation of duties exists, as one employee is responsible to deposit monies, print vendor checks, send checks to vendors, record receipts, and disbursements in journals, and sign checks. This increases the risk of misstatement of the Park Board's financial statements.

Because it is not cost effective to segregate duties, no direct recommendation will be made. However, to mitigate the risk associated with this lack of segregation of duties, we will recommend the following:

- Governing board should continue to approve all expenditures.
- Expenditures, financial statements, bank reconciliations, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official. In the case of Devils Lake Park Board, the most likely official is the Superintendent of Parks and Recreation.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation, as relates to any amounts which impact the financial statements.

* * * * *

DEVILS LAKE PARK BOARD
Management's Letter - Continued

This information is intended solely for the use of the Park Board Commissioners and management of Devils Lake Park Board, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Devils Lake Park Board for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Devils Lake Park Board.



Robert R. Peterson
State Auditor

Fargo, North Dakota
August 5, 2016

You may obtain audit reports on the internet at:

www.nd.gov/auditor/

or by contacting the
Division of Local Government Audit

Office of the State Auditor
600 East Boulevard Avenue – Department 117
Bismarck, ND 58505-0060

(701) 328-2220