

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

**AUDITED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

Nadine Julson, LLC

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

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**December 31, 2015**

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

**Park District Officials Listing**  
**December 31, 2015**

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President	Wayne Gripentrog
Board Commissioner	Devry Klocke
Board Commissioner	Deb Tobias
Board Commissioner	Ben Oliver
Board Commissioner	Steve Craig
Park Board Clerk	Connie Metcalf
Director of Parks & Recreation	Wayne Beyer
Recreation Superintendent	LaRee Bumgarner
Park Superintendent	John Dassenko
Zoo Director	Kathy Diekman



Park Board  
Wahpeton Park District  
Wahpeton, North Dakota

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Wahpeton Park District as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained 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 the Wahpeton Park District, Wahpeton, North Dakota, as of December 31, 2015, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-10 and 32-35 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 the Wahpeton Park District's basic financial statements. The park district officials listing and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

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.

The park district officials 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 a reported dated September 22, 2017, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Wahpeton Park District's internal control over financial reporting and compliance.



Nadine Julson, LLC  
Wahpeton, North Dakota  
September 22, 2017

## WAHPETON PARK DISTRICT

### Wahpeton, North Dakota

## MANAGEMENT DISCUSSION AND ANALYSIS

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As management of the Wahpeton Park District, we are pleased to offer readers of the Wahpeton Park District's financial statements this narrative overview and analysis of the Park District's financial activities for the year ended December 31, 2015. We encourage readers to consider it in conjunction with the additional information presented in the accompanying letter of transmittal, the basic financial statements, the fund financial statements, and the notes to financial statements.

### FINANCIAL HIGHLIGHTS

- The Director of Parks & Recreation is the treasurer for the Southern Valley Health Watch and Healthy Communities. Funding and the programs are stable with annual United Way support. Reserve funds surpass 50% of the annual operating fund, a bench-mark for non-profit organizations.
- The Director of Parks & Recreation is the treasurer for ND Babe Ruth Baseball. Funding and the state youth baseball program are stable, utilizing league dues, tournament host fees and sponsors for dependable revenue sources. Reserve funds are about 50% of the annual operating budget.
- The Director of Parks & Recreation is the treasurer for the Three Rivers Arts Council (3RAC). 3RAC owns the Red Door Art Gallery and has an agreement with the Red Door Art Gallery Board, an IRS 501(c)(3) non-profit, to manage the art facility. The 3RAC is dependent on grants to offer programs like Music in the Park, World Fest and Art4Life.
- The Wahpeton Parks & Recreation Department checking account is financially stable, with user fees covering direct costs associated with numerous youth and adult recreation activities. The balance ranges from \$125,000 to \$200,000.
- The City of Wahpeton and Park Board have a Joint Powers Agreement to manage the Community Center. \$40,000 is budgeted annually from the city's sales tax collections. Along with rental fees, the Community Center has been a successful venture and the enterprise fund balance surpasses the annual operating budget.
- The Chahinkapa Zoo Association and Zoo Director oversee the zoo's finances. Financial responsibilities are outlined in the Joint Powers Agreement between the Zoo Association and Park Board.
- Special Olympics North Dakota (SOND) manages the finances for its local programs, including Wahpeton. All income is sent to the SOND office in Grand Forks and any local expenditures are reimbursed on a monthly basis.
- Volunteer Meryl Hansey and Administrative Assistant Connie Raguse raised funds to sponsor the fireworks display on July 4th.
- The Head of the Red Youth Activities Association manages Stern Ice Arena, a Park Board owned facility and raised enough funds from its users so public dollars weren't needed for general operating expenditures. There is a Joint Powers Agreement that authorizes the managing contract. Capital improvement funds were approved for the compressor system project.
- The Wahpeton Baseball Committee hosted a successful fund-raiser for the Legion and high school baseball teams, along with John Randall Baseball Field improvements.
- A new Summer Food Program generated \$14,875 in revenue and profited \$3,487.
- \$500+ grants/donations received during 2015 included:

#### **Healthy Communities**

- Prairie Public TV - \$500 for ECI.
- United Way - \$3,000 for Health Watch.

## WAHPETON PARK DISTRICT

### Management Discussion and Analysis - Continued

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- West Central Initiatives - \$12,000 for ECI.
- Wilkin County Social Services - \$500 for ECI.

#### **ND Babe Ruth Baseball**

- Harvey Eagles Club - \$750.
- Scheels Sports - \$1,000.

#### **Red River Area Sportsmen's Club**

- American Foundation for Wildlife - \$500 for Sportsmen's Club habitat projects.
- ND Game & Fish Department - \$1,170 for Mooreton Trap Shooting Range.
- ND Game & Fish Department - \$8,855 for Red River shoreline development.
- Rocky Mountain Elk Foundation - \$1,000 for youth hunters.
- Wahpeton Eagles Club - \$500 for Jr. Wildlife Club.
- Wahpeton Eagles Club - \$500 for Neil Heitkamp Ice Fishing Derby.
- Wahpeton Eagles Club - \$500 for Vince Herding Spring Fishing Derby.
- Wal-Mart - \$500 for Jr. Wildlife Club.

#### **Special Olympics**

- Bridgestone America - \$900.
- River of Life Church - \$500.
- Wal-Mart - \$750.
- Wahpeton Eagles Club - \$500.
- Wahpeton Kiwanis Club \$500.
- Withuski Dentistry - \$750.

#### **Three Rivers Arts Council**

- Bell State Bank - \$2,000 for World Fest
- Breckenridge-Wahpeton Community Foundation - \$2,000 for World Fest.
- City of Wahpeton - \$7,584 for Red Door Art Gallery.
- City of Wahpeton - \$3,501 for Community Band.
- Ellendale Prince of Peace Nursing Home - \$580 for Mobile Art.
- Lake Region Arts Council - \$9,870 for Three Rivers Arts Festival.
- ND Council on the Arts - \$4,261 for Art4Life.
- ND Council on the Arts - \$550 for Arts Lab.
- ND Council on the Arts - \$16,667 for Mobile Art.
- ND Council on the Arts - \$2,500 for World Fest.
- Wahpeton Convention & Visitor's Bureau - \$500 for World Fest.

#### **Wahpeton Park Board**

- Dean's Landscaping - \$2,500 for Sculpture Park landscaping.
- Dean's Landscaping - \$745 for fruit orchard trees.
- Modern Woodmen - \$500 for campground fire rings.
- ND Department of Agriculture - \$2,250 for fruit orchard trees.
- ND Forest Service - \$3,886 for 6th Street S. trees.
- ND Game & Fish Department - \$3,500 for Kidder Rec Area fish cleaning station.
- Ottertail Power Company - \$500 for Kidder Recreation campground.
- Ottertail Power Company - \$1,500 for Stern Arena AED.
- Patrick Wilkie Memorial - \$500 for skateboard park.
- Richland County - Gravel for Chahinkapa Park parking lots.
- United Way - \$6,000 / swim lessons and \$6,000 / Park Board.



**WAHPETON PARK DISTRICT**  
**Management Discussion and Analysis - Continued**

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**Wahpeton Parks & Recreation**

- Bell State Bank - \$1,000 for grades 5-6 tackle football.
- Bobcat Doosan - \$500 for Babe Ruth baseball program.
- Garison Diversion - \$15,000 for Airport Park Building.
- Gate City Bank - \$500 for fireworks display.
- Little Unnie's Fireworks - \$1,478 for grades 5-6 tackle football.
- ND Game & Fish Department - \$2,500 for youth archery national tournament.
- OSPTI - \$1,000 for grades 5-6 tackle football.
- Red River Area Sportsmen's Club - \$500 for youth archery program.
- Sanford Health - \$500 for youth basketball program.
- Wahpeton CVB - \$500 for ND Babe Ruth Baseball 15 tournament.
- Wahpeton CVB - \$2,500 for fireworks display/equipment.
- Wahpeton Eagles Club - \$500 for fireworks display.

**Using this Annual Report**

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand Wahpeton Park District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's general fund with all other governmental funds presented in total in one column.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Wahpeton Park District's finances, in a matter similar to a private-sector business.

The Statement of Net Position presents information on all of the Wahpeton Park District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Wahpeton Park District is improving or deteriorating.

The Statement of Activities presents information on how the Wahpeton Park District's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes).

Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected sales tax). Both the Statement of Net Position and the Statement of Activities present information as follows:

Both of the government-wide financial statements distinguish functions of the Wahpeton Park District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Wahpeton Park District include culture and recreation.

The government-wide financial statements include not only the Wahpeton Park District itself (known as the primary government), but also a legally separate zoo for which the park board is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 11-12 of this report.

**WAHPETON PARK DISTRICT**  
**Management Discussion and Analysis - Continued**

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**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Wahpeton Park District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the Park District's significant funds - not the Wahpeton Park District as a whole. The Wahpeton Park District's funds consist of one category - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available expendable resources. This allows the reader to evaluate the Wahpeton Park District's short-term financing requirements.

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

The Wahpeton Park District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and Parks and Recreation and all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Wahpeton Park District adopts an annual budget for its general fund. Budgetary comparison statements have been provided to demonstrate compliance. The budgetary comparison schedules can be found on pages 32-35 of this report.

The basic governmental fund statements can be found on pages 13-16 of this report.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-31 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 38-41 of this report.

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

The following two tables present condensed information on the Wahpeton Park District's net position and changes in net position for the fiscal year ending December 31, 2015. As noted earlier, net position may serve over time as a useful indicator of the Wahpeton Park District's financial position. In the case of the Wahpeton Park District, assets exceeded liabilities by \$3,752,175 at the close of the most recent fiscal year. The Wahpeton Park District's net position includes its investment in capital assets (e.g. land improvements, buildings and equipment), less any related debt used to acquire those assets that is still outstanding. The Wahpeton Park District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

**WAHPETON PARK DISTRICT**  
**Management Discussion and Analysis - Continued**

**Table I**  
**Net Position**  
June 30,

	2015	2014
<b>Assets and Deferred Outflows of Resources</b>		
Current Assets	\$ 1,528,731	\$ 1,565,332
Capital Assets (net of depreciation)	<u>2,263,272</u>	<u>2,280,291</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,792,003</u>	<u>\$ 3,845,623</u>
<b>Liabilities and Deferred Inflows of Resources</b>		
Current Liabilities	\$ -	\$ 31,330
Long-term Liabilities	<u>39,828</u>	<u>38,799</u>
Total Liabilities and Deferred Inflows of Resources	39,828	70,129
<b>Net Position</b>		
Invested in Capital Assets (net of related debt)	2,263,272	2,260,291
Restricted	78,116	47,379
Unrestricted	<u>1,410,787</u>	<u>1,467,824</u>
Total Net Position	<u>\$ 3,752,175</u>	<u>\$ 3,775,494</u>

Table II shows the changes in net position for the fiscal years ended December 31, 2015 and 2014.

**Table II**  
**Changes in Net Position**  
For the Years Ended June 30,

	2015	2014
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 416,125	\$ 385,621
Operating Grants and Contributions	48,127	33,217
General Revenues		
Property Taxes	547,829	603,767
Intergovernmental	272,141	-
Interest and Investment	3,524	2,889
Miscellaneous	<u>56,362</u>	<u>51,504</u>
Total Revenues	1,344,108	1,358,848
<b>Expenses</b>		
Culture and Recreation	<u>1,367,427</u>	<u>1,326,099</u>
Change in Net Position	<u>\$ (23,319)</u>	<u>\$ 32,749</u>

The Wahpeton Park District's net position decreased by \$23,319 for the year ended December 31, 2015.

**WAHPETON PARK DISTRICT**  
**Management Discussion and Analysis - Continued**

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**Financial Analysis of the Government's Funds**

As noted earlier, the Wahpeton Park District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Wahpeton Park District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Wahpeton Park District's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Wahpeton Park District's governmental funds reported combined ending fund balances of \$1,297,453.

The general fund is the chief operating fund of the Wahpeton Park District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$717,544. The balance of the Wahpeton Park District's General Fund increased by \$80,511 during the current year.

**General Fund Budgetary Highlights**

During the current year, revenues were more than budgetary estimates by \$18,694 and expenditures were more than budgetary estimates by \$27,719. Tax revenue received was higher than anticipated and wages paid exceeded budgetary estimates.

**Capital Assets**

As of December 31, 2015, the Wahpeton Park District had \$2,263,272 invested in capital assets. Table III shows the balances as of December 31, 2015 and 2014.

**Table III**  
**Capital Assets**  
(Net of Accumulated Depreciation)  
June 30,

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	<u>2015</u>	<u>2014</u>
Land	\$ 115,500	\$ 115,500
Construction in Progress	-	20,000
Buildings and Improvements	1,579,486	1,603,959
Equipment	154,029	176,617
Land Improvements	<u>414,257</u>	<u>364,215</u>
Total Capital Assets (net of accumulated depreciation)	<u>2,263,272</u>	<u>2,280,291</u>

Additional information on the capital assets can be found in Note 7 of the financial statements.

**WAHPETON PARK DISTRICT**  
**Management Discussion and Analysis - Continued**

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**Debt Administration**

The Wahpeton Park District has no debt outstanding at December 31, 2015. The Zoo Association Component Unit had the following debt outstanding:

**For the Future**

- Joint Powers Agreements (JPA) will be developed with the City of Wahpeton to manage the Airport Park, trails and greenway.
- The threat of Emerald Ash Borer disease continues to loom. At this point, it has moved westward only as far as the Twin Cities. There is a significant ash tree population in Wahpeton and removal and replacement costs would be a huge financial burden.
- The Corps of Engineers will be identifying free zones along the flood protective levees throughout the park and zoo system, which will result in extra costs associated with relocating facilities and removing trees. Preliminary plans include building a new Africa exhibit west of the current zoo grounds. Zoo expansion was approved by the Park Board.
- An IRS 501(c)(3) Endowment Fund will be marketed to provide more funding.
- The City of Wahpeton continues to support the Bois de Sioux Golf Course, managed by the Bois de Sioux Golf Club. Subsidies are typically needed.
- Community gardens are located on private land rented from Perry and Larry Miller. The land is intended for commercial development so its availability is tenuous.
- The City of Wahpeton is developing residential zoned area in Northwest Wahpeton. Planning a neighborhood park and trails will be considered.
- The National Guard is interested in providing labor for the zoo campground building, multipurpose court, tennis court, baseball concessions building, and playground restroom building. Planning ensued during 2015.
- A sidewalk on the south side of the Community Center will be considered.

**Contacting the Park Districts Financial Management**

This financial report is designed to provide a general overview of the Park's finances and to demonstrate the Park's accountability for the money it receives to the citizens of Wahpeton. If you have any questions about this report or need further information, contact Wayne Beyer, Director of Parks & Recreation, Wahpeton, North Dakota, 58075 at (701) 642-8146.

**WAHPETON PARK DISTRICT****Wahpeton, North Dakota****Statement of Net Position****December 31, 2015**

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	<u>Primary Government</u>	<u>Zoo Association</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 1,034,245	\$ 941,356
Due from County	137,656	-
Notes Receivable	100,000	-
Taxes Receivable	231,278	-
Due from Component Unit	<u>25,552</u>	<u>-</u>
Total Current Assets	1,528,731	941,356
Capital Assets, Net of Accumulated Depreciation		
Non-Depreciable		
Land	115,500	-
Depreciable		
Land Improvements	414,257	17,350
Buildings	1,579,486	601,004
Vehicles	-	-
Equipment	<u>154,029</u>	<u>14,794</u>
Total Capital Assets	<u>2,263,272</u>	<u>633,148</u>
Total Assets	3,792,003	1,574,504
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	-	9,652
Due to Other Funds	-	25,552
Note Payable	<u>-</u>	<u>85,000</u>
Total Current Liabilities	-	120,204
Long-term Liabilities		
Compensated Absences Payable	<u>39,828</u>	<u>7,372</u>
Total Liabilities	39,828	127,576
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,263,272	633,148
Restricted	78,116	4,710
Unrestricted	<u>1,410,787</u>	<u>809,070</u>
Total Net Position	<u>\$ 3,752,175</u>	<u>\$ 1,446,928</u>

See Notes to Financial Statements

**WAHPETON PARK DISTRICT**

Wahpeton, North Dakota

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Zoo Association
Governmental Activities:					
Culture and Recreation	<u>\$ 1,367,427</u>	<u>\$ 416,125</u>	<u>\$ 48,127</u>	<u>\$ (903,175)</u>	<u>\$ -</u>
Component Unit					
Zoo Association	<u>\$ 693,332</u>	<u>\$ 426,864</u>	<u>\$ 160,425</u>	<u>\$ -</u>	<u>\$ (106,043)</u>
General Revenues:					
Taxes:					
Taxes Levied for General Purposes				375,570	-
Taxes Levied for Special Purposes				71,863	-
Taxes Levied for Capital Improvements				100,396	-
Intergovernmental				272,141	-
Interest and Investment				3,524	28,705
Miscellaneous				56,362	3,088
Unrealized Loss on Investments				-	(28,688)
Total General Revenues				<u>879,856</u>	<u>3,105</u>
Change in Net Position				(23,319)	(102,938)
Net Position, Beginning of Year				<u>3,775,494</u>	<u>1,549,866</u>
Net Position, End of Year				<u>\$ 3,752,175</u>	<u>\$ 1,446,928</u>

See Notes to Financial Statements

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2015**

	General Fund	Park Capital Improvements	Parks and Recreation	Forestry	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 360,604	\$ 245,848	\$ 141,452	\$ -	\$ 286,341	\$ 1,034,245
Due from Other Funds	119,597	-	-	-	57,294	176,891
Due from County	111,791	7,310	-	-	18,555	137,656
Notes Receivable	100,000	-	-	-	-	100,000
Taxes Receivable	182,751	13,611	-	-	34,916	231,278
Due from Component Unit	25,552	-	-	-	-	25,552
Total Assets	<u>\$ 900,295</u>	<u>\$ 266,769</u>	<u>\$ 141,452</u>	<u>\$ -</u>	<u>\$ 397,106</u>	<u>\$ 1,705,622</u>
<b>LIABILITIES</b>						
Due to Other Funds	\$ -	\$ -	\$ -	\$ 83,396	\$ 93,495	\$ 176,891
Total Liabilities	-	-	-	83,396	93,495	176,891
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	182,751	13,611	-	-	34,916	231,278
Total Liabilities and Deferred Inflows of Resources	182,751	13,611	-	83,396	128,411	408,169
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	-	-	-	57,634	57,634
Assigned	-	253,158	141,452	-	300,769	695,379
Unassigned	717,544	-	-	(83,396)	(89,708)	544,440
Total Fund Balance (Deficit)	<u>717,544</u>	<u>253,158</u>	<u>141,452</u>	<u>(83,396)</u>	<u>268,695</u>	<u>1,297,453</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	<u>\$ 900,295</u>	<u>\$ 266,769</u>	<u>\$ 141,452</u>	<u>\$ -</u>	<u>\$ 397,106</u>	<u>\$ 1,705,622</u>

See Notes to Financial Statements



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

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

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Total Fund Balances - Governmental Funds \$ 1,297,453

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	4,543,585	
Less Accumulated Depreciation	<u>(2,280,313)</u>	
Net Capital Assets		2,263,272

Property taxes receivable 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 unavailable revenue in the funds 231,278

Long-term liabilities applicable to the Park 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 expenditure when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at are reported in the statement of net position.

Compensated Absences Payable	<u>(39,828)</u>
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Net Position of Governmental Activities	<u><u>\$ 3,752,175</u></u>
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**WAHPETON PARK DISTRICT**  
**Wahpeton, North Dakota**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**For the Year Ended December 31, 2015**

	<u>General Fund</u>	<u>Park Capital Improvements</u>	<u>Parks and Recreation</u>	<u>Forestry</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ 398,556	\$ 29,781	\$ -	\$ -	\$ 147,006	\$ 575,343
Donations	11,515	18,606	11,870	6,136	-	48,127
Charges for Services	74,254	-	341,871	-	-	416,125
Intergovernmental	232,141	-	-	-	40,000	272,141
Interest	3,505	-	19	-	-	3,524
Miscellaneous	<u>11,470</u>	<u>-</u>	<u>16,732</u>	<u>-</u>	<u>28,160</u>	<u>56,362</u>
Total Revenues	731,441	48,387	370,492	6,136	215,166	1,371,622
<b>EXPENDITURES</b>						
Culture and Recreation	<u>650,930</u>	<u>111,605</u>	<u>343,805</u>	<u>29,270</u>	<u>213,769</u>	<u>1,349,379</u>
Total Expenditures	650,930	111,605	343,805	29,270	213,769	1,349,379
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	80,511	(63,218)	26,687	(23,134)	1,397	22,243
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfer In	-	-	-	-	7,366	7,366
Operating Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,366)</u>	<u>(7,366)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	80,511	(63,218)	26,687	(23,134)	1,397	22,243
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>637,033</u>	<u>316,376</u>	<u>114,765</u>	<u>(60,262)</u>	<u>267,298</u>	<u>1,275,210</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 717,544</u>	<u>\$ 253,158</u>	<u>\$ 141,452</u>	<u>\$ (83,396)</u>	<u>\$ 268,695</u>	<u>\$ 1,297,453</u>

See Notes to Financial Statements

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

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

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Net Change in Fund Balances - Total Governmental Funds	\$ 22,243
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.	(17,019)
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 a decrease in taxes receivable.	(27,514)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This consists of an increase in compensated absences.	<u>(1,029)</u>
Change in Net Position of Governmental Activities	<u>\$ (23,319)</u>

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

**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2015**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Investments	\$ <u>53,911</u>
<b>LIABILITIES</b>	
Due to Other Groups	\$ <u>53,911</u>
<b>NET POSITION</b>	
Unrestricted	\$ <u>-</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

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

The financial statements of the Wahpeton Park District, Wahpeton, North Dakota (the Park District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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 government's accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes, the Park District's financial statements include all funds over which the Park Board exercises oversight responsibility. This includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

Component units are legally separate organizations for which elected officials of the primary government are financially accountable. The Park District may be financially accountable if it appoints a voting majority of the organization's governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose financial burdens on the Park District. The Park District may be financially accountable if an organization is fiscally dependent on the Park District.

Based upon the above criteria, the financial statements of the Chahinkapa Zoo Association are discretely presented in the accompanying financial statements. The Park District governing board appoints a voting majority of the members of the Zoo Association's Board. The Park District has the authority to approve or modify the Zoo Association's operations and capital budgets and also must approve fund raising activities of the Zoo Association. The Park District owns the fixed assets of the Zoo Association.

Related Organizations - The Park District appoints a voting majority of the Head of the Red Youth Activities Board. The Park District does not have financial accountability for this entity and has a lease arrangement with the Head of the Red Youth Activities for the use of the Park District's facilities.

**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, the Wahpeton Park District, and its component units. 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 Park 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 information about the Park District's 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 District reports the following major governmental funds:

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

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

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*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.

*Park Capital Improvements* - The Park Capital Improvements Fund is used to account for financial resources to be used for construction and improvement of park facilities.

*Forestry* - The Forestry Fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for forestry specific purposes.

The Park District reports the following agency fund:

*Agency Funds* - These funds account for assets held by the Park District in a custodial capacity as an agent on behalf of others. The Park 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**

*Government-wide and Fiduciary Fund Financial Statements* - The government-wide and fiduciary fund 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. Nonexchange transactions, in which Park District 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.

*Government 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 District 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**D. Cash and Investments**

Cash and cash equivalents are for the purpose of GASB Statement No. 9 include cash, demand deposits, and certificates of deposit with original maturities of three months or less.

Investments consist of certificates of deposits stated at cost with maturities greater than three months.

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

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**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 Park 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.

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

<u>Assets</u>	<u>Years</u>
Building	15 - 50
Furniture and Equipment	15
Building	10-50
Vehicles	5

**F. Compensated Absences**

Upon termination of employment with the Park 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 Wahpeton Park Board that upon retirement from the Park Board, 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 employee per year to assist other staff when their sick leave hours have been used.

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

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**G. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government 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.

**H. Fund Balances 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:

<b>CLASSIFICATION</b>	<b>DEFINITION</b>	<b>EXAMPLES</b>
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable for 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 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 business manager.	By board action, construction claims and judgements, retirements of loans and notes payable, capital expenditures, and self-insurance.



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

<u>CLASSIFICATION</u>	<u>DEFINITION</u>	<u>EXAMPLES</u>
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 Balances - Consist of the following items:*

Building Fund

Funds used for construction of building additions and renovation projects. Restricted by enabling legislation and specified tax levy.

Debt Service Fund

Funds used for the payment of principal and interest. Restricted by enabling legislation and tax levy.

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

Special Revenue Funds

Funds set aside by the Park District and used only for special revenue projects.

*Unassigned Fund Balance*

Consists of the amount reported in the General Fund at year end.

*Net Position*

The Wahpeton Park District implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

When both restricted and unrestricted resources are available for use, it is the Park 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 Park District's ongoing obligations.

**I. 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.

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

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The Governing Board shall give preliminary approval of the Park 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 Park 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.

**J. Subsequent Events**

Subsequent events have been evaluated through September 22, 2017, the date the financial statements were available to be issued.

**NOTE 2 - LEGAL COMPLIANCE - BUDGETS**

Expenditures over Appropriations – The general fund expenditures exceeded appropriations by \$27,719. Expenditures for wages exceeded budgeted amounts.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

In accordance with North Dakota Statutes, the Park 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.

**Custodial Credit Risk**

At year end December 2015, the Park District's carrying amount of deposits was as follows:

Governmental funds	\$	1,034,245
Agency Funds		<u>53,911</u>
Total Deposits	\$	<u>1,088,156</u>

The balance of these deposits at December 31, 2015 was \$1,043,889. The difference results from checks outstanding or deposits not yet processed. Of the bank balances, \$875,524 is covered by Federal Deposit Insurance Corporation. The remaining bank balances were collateralized with securities held by pledging financial institution's agent in the government's name.

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

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**Credit Risk:**

The Park District 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 District held three certificates of deposit with a value of \$146,961.

*Interest Rate Risk:*

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

**NOTE 4 - TAXES**

The taxes receivable represents the past four 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 authority. Any material tax collections are distributed after the end of each month.

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

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

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable consists of money due the Park District for rental fees and reimbursements. No allowance has been established estimated uncollectible accounts receivable.

**NOTE 6 - DUE FROM COUNTY TREASURER**

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the Park District by December 31, 2015.

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

**NOTE 7 - CAPITAL ASSETS**

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

	Balance 2014	Additions	Retirements	Balance 2015
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 115,500	\$ -	\$ -	\$ 115,500
Construction in Progress	20,000	-	(20,000)	-
Total Capital Assets, not being depreciated	135,500	-	(20,000)	115,500
Capital Assets, being depreciated:				
Buildings and Improvements	3,095,544	30,139	-	3,125,683
Vehicles	25,059	-	-	25,059
Equipment	449,479	7,695	-	457,174
Land Improvements	730,841	89,328	-	820,169
Total Capital Assets, being depreciated	4,300,923	127,162	-	4,428,085
Less Accumulated Depreciation for:				
Buildings and Improvements	1,491,585	54,612	-	1,546,197
Vehicles	25,059	-	-	25,059
Equipment	272,862	30,283	-	303,145
Land Improvements	366,626	39,286	-	405,912
Total Accumulated Depreciation	2,156,132	124,181	-	2,280,313
Total Capital Assets Being Depreciated, Net	2,144,791	2,981	-	2,147,772
Governmental Activities Capital Assets, Net	<u>\$ 2,280,291</u>	<u>\$ 2,981</u>	<u>\$ (20,000)</u>	<u>\$ 2,263,272</u>

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

Governmental Activities	
Culture and Recreation	\$ 124,181

Capital asset activity for the Zoo Association (Component Unit) for year ended December 31, 2015 is as follows:

	Balance 2014	Additions	Retirements	Balance 2015
Component Unit:				
Capital Assets, being depreciated:				
Buildings and Improvements	1,633,298	-	-	1,633,298
Equipment	196,513	-	-	196,513
Land Improvements	129,725	-	-	129,725
Total Capital Assets, being depreciated	1,959,536	-	-	1,959,536
Less Accumulated Depreciation for:				
Buildings and Improvements	1,010,951	21,343	-	1,032,294
Equipment	179,871	1,848	-	181,719
Land Improvements	107,496	4,879	-	112,375
Total Accumulated Depreciation	1,298,318	28,070	-	1,326,388
Component Unit Capital Assets, Net	<u>\$ 661,218</u>	<u>\$ (28,070)</u>	<u>\$ -</u>	<u>\$ 633,148</u>

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

Component Unit	
Culture and Recreation	\$ 28,070

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

**NOTE 8 - DEFERRED INFLOWS OF RESOURCES**

Deferred revenues consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

**NOTE 9 - LONG-TERM LIABILITIES**

During the year ended December 31, 2015, the following changes occurred in long-term liabilities of the Park District:

	<u>2014</u>	<u>Net Change</u>	<u>2015</u>
Compensated Absences Payable	\$ 38,799	\$ 1,029	\$ 39,828

The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

**NOTE 10 - DUE TO / FROM OTHER FUNDS**

The composition of due to and due from other funds as of December 31, 2015 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 119,597	\$ -
Social Security	-	36,201
Forestry	-	83,396
Arts	-	16,206
Swimming Pool Capital	-	5,853
Flood Levy Project	-	529
Airport Park	-	34,370
Community Center	57,294	-
Double Decker Bus	-	336
Totals	<u>\$ 176,891</u>	<u>\$ 176,891</u>

The composition of due to and due from other funds is related to negative cash balances in nonmajor funds and reductions at a reasonable cost.

**NOTE 11 - RISK MANAGEMENT**

The Park 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 (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Park District pays an annual premium to NDIRF for its general liability, automobile, and inland marine coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence.

The Park District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Park 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 \$450,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

The Park District has elected to be self-insured and retain all risk for liabilities resulting from claims of unemployment benefits. During the year ended December 31, 2015, no claims were filed for unemployment benefits.

**NOTE 12 - NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The District is part of an aggregate reported unit with the City of Wahpeton, ND for its pension plan. The following information refers to the City of Wahpeton, ND's 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. 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.

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

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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

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

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 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

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

At December 31, 2015, the Employer reported a liability of \$1,746,890 for its proportionate share of the net pension liability. The net pension liability was measured as of June 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 December 31, 2015, the Employer's proportion was .256902 percent, which was a decrease of .000942 percent from its proportion measure as of December 31, 2014.

For the year ended December 31, 2015, the Wahpeton Park District recognized pension expense of \$163,668. At December 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	\$ 50,680	\$ -
Changes in assumptions	-	155,640
Net difference between projected and actual investment earnings	-	36,877
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	14,216
Employer contributions subsequent to the measurement date	<u>105,388</u>	<u>-</u>
Totals	<u>\$ 156,068</u>	<u>\$ 206,733</u>

\$105,388 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 December 31, 2015.

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

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

Year ended December 31:		
2016	\$	(50,153)
2017		(50,153)
2018		(50,153)
2019		26,048
2020		(31,674)
Thereafter		-

**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 measurement:

Inflation	3.50%
Salary increases	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 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 actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scales, and percent married assumption.

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	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%



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

**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 District'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 Employers 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 (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ 2,678,768	\$ 1,746,890	\$ 984,445

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. It is located in the North Dakota Public Employees Retirement System Comprehensive Annual Financial report for the fiscal year ended June 30, 2015. The supporting actuarial information is included in the June 30, 2015, GASB Statements No. 67 and 68 Accounting and Financial Reporting for Pensions actuarial valuation for each retirement plan. Additional financial and actuarial information is available on their website, [www.nd.gov/ndpers](http://www.nd.gov/ndpers) <<http://www.nd.gov/ndpers>>, or may be obtained by contacting the agency at North Dakota Public Employees Retirement System, 400 E Broadway Ave Suite 505, P.O. Box 1657, Bismarck, ND, 58502-1657 or by calling (701) 328-3900.

**NOTE 13 - FUND BALANCE DEFICIT**

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

	Deficit
Social Security	(36,069)
Forestry	(83,396)
Arts	(16,206)
Swimming Pool Capital	(2,198)
Flood Levy Project	(529)
Airport Park	(34,370)
Double Decker Bus	(336)
Totals	<u>\$ (173,104)</u>

**NOTE 14 - RELATED PARTY TRANSACTION**

During the year ended December 31, 2015, the Zoo Association utilized a related party to provide veterinary and food service for zoo animals and rented property to related parties. During the year ended December 31, 2015, the Zoo Association paid \$7,250 and \$57,616 for veterinary and food service respectively. Rental income from related parties totaled \$7,200 during the year.

The District pays for the Zoo Association Director's salary and benefits plus the Zoo Association's employer share of Federal Insurance Contributions Act (FICA) tax. This amount totaled \$73,805 for the year ended December 31, 2015.

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 385,797	\$ 385,797	\$ 398,556	\$ 12,759
Donations	12,000	12,000	11,515	(485)
Charges for Services	68,500	68,500	74,254	5,754
Intergovernmental	235,200	235,200	232,141	(3,059)
Interest	2,250	2,250	3,505	1,255
Miscellaneous	<u>9,000</u>	<u>9,000</u>	<u>11,470</u>	<u>2,470</u>
Total Revenues	712,747	712,747	731,441	18,694
<b>EXPENDITURES</b>				
Culture and Recreation	<u>678,649</u>	<u>678,649</u>	<u>650,930</u>	<u>27,719</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 34,098</u>	<u>\$ 34,098</u>	\$ 80,511	<u>\$ 46,413</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>637,033</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 717,544</u>	

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

**BUDGETARY COMPARISON SCHEDULE - FORESTRY FUND**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 30,150	\$ 30,150	\$ -	\$ (30,150)
Donations	<u>-</u>	<u>-</u>	<u>6,136</u>	<u>6,136</u>
Total Revenues	30,150	30,150	6,136	(24,014)
EXPENDITURES				
Culture and Recreation	<u>30,150</u>	<u>30,150</u>	<u>29,270</u>	<u>880</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	\$ (23,134)	<u>\$ (23,134)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>(60,262)</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (83,396)</u>	

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

**BUDGETARY COMPARISON SCHEDULE - PARK CAPITAL IMPROVEMENTS**  
**For the Year Ended December 31, 2015**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 29,314	\$ 29,314	\$ 29,781	\$ 467
Donations	<u>-</u>	<u>-</u>	<u>18,606</u>	<u>18,606</u>
Total Revenues	29,314	29,314	48,387	19,073
EXPENDITURES				
Culture and Recreation	<u>30,150</u>	<u>30,150</u>	<u>111,605</u>	<u>(81,455)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (836)</u>	<u>\$ (836)</u>	\$ (63,218)	<u>\$ (62,382)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>316,376</u>	
FUND BALANCE, END OF YEAR			<u>\$ 253,158</u>	

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

**BUDGETARY COMPARISON SCHEDULE - PARK AND RECREATION FUND**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Donations	\$ -	\$ -	\$ 11,870	\$ 11,870
Charges for Services	479,900	479,900	341,871	(138,029)
Interest	-	-	19	19
Miscellaneous	<u>17,000</u>	<u>17,000</u>	<u>16,732</u>	<u>(268)</u>
Total Revenues	496,900	496,900	370,492	(126,408)
<b>EXPENDITURES</b>				
Culture and Recreation	<u>496,900</u>	<u>496,900</u>	<u>343,805</u>	<u>153,095</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	\$ 26,687	<u>\$ 26,687</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>114,765</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 141,452</u>	

**WAHPETON PARK DISTRICT**

**Wahpeton, North Dakota**

**PENSION SCHEDULES**

**For the Year Ended December 31, 2015**

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

	2015	2014
District's proportion of the net pension liability (asset)	0.26%	0.26%
District's proportionate share of the net pension liability (asset)	1,746,890	1,636,591
District's covered-employee payroll	2,288,686	2,172,028
District proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	77.15%	77.70%

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

	2015	2014
Statutorily required contribution	162,954	154,648
Contributions in relation to statutorily required contribution	(162,954)	(154,648)
Contribution deficiency (excess)	-	-
Employer's covered-employee payroll	2,288,686	2,172,028
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

*\*Complete data for these schedules is not available prior to 2014.*

*\*\*The information presented is part of the City of Wahpeton, ND aggregate group plan*

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2015**

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**NOTE 1 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The Park Board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund, park capital improvements fund, forestry fund, and park and recreation fund.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The annual budget must be prepared and District taxes must be levied on or before the 7th day of October of each year.
- The taxes levied must be certified to the county auditor by October 10th.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the Clerk 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 - NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGES OF ASSUMPTIONS**

Amounts reported in December 31, 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.



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

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2015**

	Building Construction	Unemployment Comp. Reserve	Retirement Withholding	Arts	Swimming Pool Capital	Flood Levy Project	Equipment Reserve	Airport Park	Kidder Park	Bandstand Program
<b>ASSETS</b>										
Cash and Investments	\$ 44,425	\$ 4,234	\$ 12,519	\$ -	\$ -	\$ -	\$ 9,209	\$ -	\$ 19,007	\$ 14,135
Due from County	3,655	-	92	-	3,655	-	3,655	-	-	-
Taxes Receivable	6,805	-	338	-	6,805	-	6,805	-	-	-
Total Assets	<u>\$ 54,885</u>	<u>\$ 4,234</u>	<u>\$ 12,949</u>	<u>\$ -</u>	<u>\$ 10,460</u>	<u>\$ -</u>	<u>\$ 19,669</u>	<u>\$ -</u>	<u>\$ 19,007</u>	<u>\$ 14,135</u>
<b>LIABILITIES</b>										
Due to Other Funds	\$ -	\$ -	\$ -	\$ 16,206	\$ 5,853	\$ 529	\$ -	\$ 34,370	\$ -	\$ -
Total Liabilities	-	-	-	16,206	5,853	529	-	34,370	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenue - Property Taxes	6,805	-	338	-	6,805	-	6,805	-	-	-
Total Liabilities and Deferred Inflows of Resources	6,805	-	338	16,206	12,658	529	6,805	34,370	-	-
<b>FUND BALANCE (DEFICIT)</b>										
Restricted	48,080	-	-	-	-	-	-	-	-	-
Assigned	-	4,234	12,611	-	-	-	12,864	-	19,007	14,135
Unassigned	-	-	-	(16,206)	(2,198)	(529)	-	(34,370)	-	-
Total Fund Balance (Deficit)	<u>48,080</u>	<u>4,234</u>	<u>12,611</u>	<u>(16,206)</u>	<u>(2,198)</u>	<u>(529)</u>	<u>12,864</u>	<u>(34,370)</u>	<u>19,007</u>	<u>14,135</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	<u>\$ 54,885</u>	<u>\$ 4,234</u>	<u>\$ 12,949</u>	<u>\$ -</u>	<u>\$ 10,460</u>	<u>\$ -</u>	<u>\$ 19,669</u>	<u>\$ -</u>	<u>\$ 19,007</u>	<u>\$ 14,135</u>

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

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET - CONTINUED**  
**December 31, 2015**

	Major Maintenance	Emergency Insurance	Campground Shelter	Community Center	Mini-Park	Double Decker Bus	Allmendinger Memorial	Special Assessments Levy	Social Security	Totals
<b>ASSETS</b>										
Cash and Investments	\$ 12,009	\$ 73,696	\$ 1,000	\$ 74,422	\$ 10,701	\$ -	\$ 8,796	\$ 2,188	\$ -	\$ 286,341
Due from County	-	-	-	-	-	-	-	7,366	132	18,555
Due from Other Funds	-	-	-	57,294	-	-	-	-	-	57,294
Taxes Receivable	-	-	-	-	-	-	-	13,677	486	34,916
Total Assets	<u>\$ 12,009</u>	<u>\$ 73,696</u>	<u>\$ 1,000</u>	<u>\$ 131,716</u>	<u>\$ 10,701</u>	<u>\$ -</u>	<u>\$ 8,796</u>	<u>\$ 23,231</u>	<u>\$ 618</u>	<u>\$ 397,106</u>
<b>LIABILITIES</b>										
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336	\$ -	\$ -	\$ 36,201	\$ 93,495
Total Liabilities	-	-	-	-	-	336	-	-	36,201	93,495
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	13,677	486	34,916
Total Liabilities and Deferred Inflows of Resources	-	-	-	-	-	336	-	13,677	36,687	128,411
<b>FUND BALANCE (DEFICIT)</b>										
Restricted	-	-	-	-	-	-	-	9,554	-	57,634
Assigned	12,009	73,696	1,000	131,716	10,701	-	8,796	-	-	300,769
Unassigned	-	-	-	-	-	(336)	-	-	(36,069)	(89,708)
Total Fund Balance (Deficit)	<u>12,009</u>	<u>73,696</u>	<u>1,000</u>	<u>131,716</u>	<u>10,701</u>	<u>(336)</u>	<u>8,796</u>	<u>9,554</u>	<u>(36,069)</u>	<u>268,695</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	<u>\$ 12,009</u>	<u>\$ 73,696</u>	<u>\$ 1,000</u>	<u>\$ 131,716</u>	<u>\$ 10,701</u>	<u>\$ -</u>	<u>\$ 8,796</u>	<u>\$ 23,231</u>	<u>\$ 618</u>	<u>\$ 397,106</u>

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

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**For the Year Ended December 31, 2015**

	Building Construction	Unemployment Comp. Reserve	Retirement Withholding	Arts	Swimming Pool Cap.	Flood Levy Project	Equipment Reserve	Airport Park	Kidder Park	Bandstand Program
REVENUES										
Taxes	\$ 14,890	\$ -	\$ 23,050	\$ -	\$ 14,889	\$ -	\$ 14,889	\$ -	\$ -	\$ 3,501
Miscellaneous	-	-	-	-	-	-	-	-	7,150	-
Total Revenues	14,890	-	23,050	-	14,889	-	14,889	-	7,150	3,501
EXPENDITURES										
Culture and Recreation	13,921	-	32,865	3,000	28,454	-	2,800	906	-	-
Total Expenditures	13,921	-	32,865	3,000	28,454	-	2,800	906	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	969	-	(9,815)	(3,000)	(13,565)	-	12,089	(906)	7,150	3,501
OTHER FINANCING SOURCES (USES)										
Operating Transfer Out	-	-	-	-	-	-	-	(5,893)	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	(5,893)	-	-
NET CHANGE IN FUND BALANCE	969	-	(9,815)	(3,000)	(13,565)	-	12,089	(6,799)	7,150	3,501
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	47,111	4,234	22,426	(13,206)	11,367	(529)	775	(27,571)	11,857	10,634
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 48,080</u>	<u>\$ 4,234</u>	<u>\$ 12,611</u>	<u>\$ (16,206)</u>	<u>\$ (2,198)</u>	<u>\$ (529)</u>	<u>\$ 12,864</u>	<u>\$ (34,370)</u>	<u>\$ 19,007</u>	<u>\$ 14,135</u>

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

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - CONTINUED**  
**For the Year Ended December 31, 2015**

	Major Maintenance	Emergency Insurance	Campground Shelter	Community Center	Mini-Park	Double Decker Bus	Allmendinger Memorial	Special Assessments Levy	Social Security	Totals
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,577	\$ 33,210	\$ 147,006
Intergovernmental	-	-	-	40,000	-	-	-	-	-	40,000
Miscellaneous	2,930	3,184	-	13,503	-	1,280	113	-	-	28,160
Total Revenues	2,930	3,184	-	53,503	-	1,280	113	42,577	33,210	215,166
<b>EXPENDITURES</b>										
Culture and Recreation	338	-	-	38,047	-	2,115	-	40,657	50,666	213,769
Total Expenditures	338	-	-	38,047	-	2,115	-	40,657	50,666	213,769
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,592	3,184	-	15,456	-	(835)	113	1,920	(17,456)	1,397
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating Transfer In	-	-	-	-	-	-	-	7,366	-	7,366
Operating Transfer Out	-	-	-	-	(1,473)	-	-	-	-	(7,366)
Total Other Financing Sources (Uses)	-	-	-	-	(1,473)	-	-	7,366	-	-
<b>NET CHANGE IN FUND BALANCE</b>	2,592	3,184	-	15,456	(1,473)	(835)	113	9,286	(17,456)	1,397
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	9,417	70,512	1,000	116,260	12,174	499	8,683	268	(18,613)	267,298
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	\$ 12,009	\$ 73,696	\$ 1,000	\$ 131,716	\$ 10,701	\$ (336)	\$ 8,796	\$ 9,554	\$ (36,069)	\$ 268,695

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

**BALANCE SHEET - ZOO ASSOCIATION**  
**December 31, 2015**

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	<u>Zoo Association</u>
<b>ASSETS</b>	
Cash and Investments	\$ 941,356
<b>LIABILITIES</b>	
Accounts Payable	\$ 9,652
Due to Other Funds	<u>25,552</u>
Total Liabilities	35,204
<b>FUND BALANCE</b>	
Restricted	4,710
Unassigned	<u>901,442</u>
Total Fund Balance	<u>906,152</u>
Total Liabilities and Fund Balance	<u><u>\$ 941,356</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**ZOO ASSOCIATION**  
**For the Year Ended December 31, 2015**

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	<u>Zoo Association</u>
REVENUES	
Donations	160,425
Charges for Services	426,864
Interest	28,705
Net Decrease in Fair Value of Investments	(28,688)
Miscellaneous	<u>3,088</u>
Total Revenues	590,394
EXPENDITURES	
Culture and Recreation	<u>678,779</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(88,385)
FUND BALANCE, BEGINNING OF YEAR	<u>994,537</u>
FUND BALANCE, END OF YEAR	<u>\$ 906,152</u>

See Notes to Financial Statements



**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**

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Board of Directors  
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 finance 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 units, each major fund, and the aggregate remaining fund information of the Wahpeton Park District, Wahpeton, as of and for the year ended December 31, 2015, 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 September 22, 2017.

**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 Park 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 (2015-001, 2015-002, 2015-003, and 2015-004).

## **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.

## **Park 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 Park 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 Park District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Nadine Julson, LLC  
Wahpeton, North Dakota  
September 22, 2017



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

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

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Report Issued: Unmodified

Internal Control Over Financial Reporting

Material weakness identified?	X	Yes		No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

*2015-001 LACK OF SEGREGATION OF DUTIES*

**Criteria**

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 Park District.

**Condition**

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Effect**

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the Park District's financial condition whether due to error or fraud.

**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 Park 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.

**WAHPETON PARK DISTRICT**  
**Schedule of Findings and Questioned Costs - Continued**

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*2015-002 MATERIAL JOURNAL ENTRIES*

**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 Park 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**

Inadequate controls over financial reporting of the Park District results in more than a remote likelihood that the Park 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**

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Views of Responsible Officials**

There is no disagreement with the audit finding.

*2015-003 RENTAL CONTRACTS*

**Criteria**

The Zoo Association Component Unit receives income from property rented to related and non-related parties.

**Condition**

Contracts between the Zoo Association and rental tenants were not being maintained.

**Effect**

The lack of rental contracts increases the risk of fraud and the risk of misstatement of the Park District's financial condition whether due to error or fraud.

**Recommendation**

It is the responsibility of management and those charged with governance to maintain rental agreements.

**Views of Responsible Officials**

There is no disagreement with the audit finding.

**WAHPETON PARK DISTRICT**  
**Schedule of Findings and Questioned Costs - Continued**

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*2015-004 CONTROL OVER CASH DISBURSEMENTS*

**Criteria**

During our audit, we noted that the Zoo Association's policy of having dual signatures on payment vouchers and invoice retention for cash disbursements was not maintained.

**Condition**

Dual signatures on vouchers and invoice retention is a policy requirement of the Zoo Association.

**Effect**

The lack of controls increases the risk of fraud and the risk of misstatement of the Zoo Association's financial condition whether due to error or fraud.

**Recommendation**

We recommend that the Zoo Association maintain policies and procedures to help safeguard the Zoo Association' assets. Copies of invoices should be maintained and dual signatures should be used as required by Zoo Association policy.

**Views of Responsible Officials**

There is no disagreement with the audit finding.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended December 31, 2015**

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**Prior Financial Statement Findings:**

2014-01

A material weakness was reported for a lack of segregation of duties.

**Corrective Action Plan**

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. This material weakness continues to exist under the current audit findings as finding number 2015-01.