

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

**AUDITED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2016**

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

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**December 31, 2016**

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**Wahpeton, North Dakota**

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

**PARK DISTRICT OFFICIALS LISTING**  
**December 31, 2016**

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



## INDEPENDENT AUDITOR'S REPORT

Park Board  
Wahpeton Park District  
Wahpeton, North Dakota

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wahpeton Park District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Wahpeton Park District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wahpeton Park District, as of December 31, 2016 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension schedules, and notes to required supplementary information 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, nonmajor governmental funds combining balance sheet, and nonmajor governmental funds combining schedule of revenues, expenditures, and changes in fund balance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 on our consideration of Wahpeton Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wahpeton Park District's internal control over financial reporting and compliance.



Nadine Julson, LLC  
Wahpeton, ND  
September 28, 2018

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

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The Management's Discussion and Analysis (MD&A) of Wahpeton Park District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016, with comparative data for the year ended December 31, 2015. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

**Financial Highlights**

Key financial highlights for the year ended December 31, 2016 are as follows:

- The Director of Parks & Recreation is the treasurer for 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 a 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.
- 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 and the payment plan includes \$10,000 annually from 2016 to 2025.
- The Red River Area Sportsmen's Club conducted a very successful fundraiser – the Hunters Smoker, to sponsor youth outdoor activities and wildlife projects.
- The Wahpeton Baseball Committee hosted a successful fundraiser for the Legion and high school baseball teams, along with John Randall Baseball Field improvements.
- \$500+ grants / donations received during 2016 included:

**Healthy Communities**

- United Way - \$3,000 for Health Watch
- West Central Initiatives - \$17,500 for ECI
- Wilkin County Social Services - \$1,000 for ECI

**WAHPETON PARK DISTRICT**  
**Management's Discussion and Analysis – Continued**

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**ND Babe Ruth Baseball**

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

**Red River Area Sportsmen's Club**

- ND Game & Fish Department - \$13,374.13 for Red River projects & youth hunts.
- Rocky Mountain Elk Foundation - \$1,000 for youth hunts.
- Wahpeton Eagles Club - \$500 for Jr. Wildlife Club.
- Wahpeton Eagles Club - \$500 for Vince Herding Spring Fishing Derby.
- Smith Tire - \$500 for Vince Herding Spring Fishing Derby.

**Special Olympics**

- Bridgestone America - \$900.
- Wahpeton Kiwanis Club - \$1,000.
- Withuski Dentistry - \$750.

**Three Rivers Arts Council**

- ND Council on the Arts - \$12,777.20 for Art4Life, World Fest and NYK
- Springboard for the Arts - \$500 for Art Signage
- City of Wahpeton - \$7296.61 for Music in the Park
- Arts Midwest - \$1114 for New York Kammermusiker (NYK)
- ND Humanities Council - \$750 for New York Kammermusiker (NYK)
- National Endowment of the Arts - \$18,000 for Sculpture Park
- Jacqueline Fink Family - \$10,000 for Sculpture Park
- Convention & Visitors Bureau - \$1000 for World Fest

**Wahpeton Park Board**

- United Way - \$6,000 / swim lessons and \$6,000 / Park Board
- Ottertail Power - \$500 for Kidder Recreation Area Campground
- St. Francis Medical Center – AED for Chahinkapa Park
- Wahpeton City Enhancement Organization - \$15,000 for Zoo Campground
- ND Game & Fish Department - \$8,730 for Kidder Rec Shoreline Project
- Red River Area Sportsmen's Club - \$3,000 for Kidder Rec Shoreline Project
- ND Forest Service - \$2,375 for 6th Street South Trees
- ND Game & Fish Department - \$3,500 for Fish Cleaning Station Maintenance
- Mark and Renae Bassingthwaite - \$867.50 for Baseball Memorial Bench

**Wahpeton Parks & Recreation**

- Little Unnie's - \$1,000 for Grades 5-6 Tackle Football
- Red River Area Sportsmen's Club - \$1,134.50 for Archery Targets
- ND Game & Fish Department - \$1,000 for Archery Targets
- Convention & Visitors Bureau - \$675 for Cal Ripken 11 State Baseball
- Convention & Visitors Bureau - \$1,000 for Fireworks Display
- Gate City Bank - \$500 for Fireworks Display
- Optimists Club - \$500 for Youth Appreciation Week & Track-Field Meet
- ND Wildlife Federation - \$3,800 for Trap Shooting Team
- Red River Area Sportsmen's Club - \$540 for Trap Shooting Team

**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 the Wahpeton Park District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.



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

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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.

**Reporting on the District as a Whole**

*Statement of Net Position and Statement of Activities*

These statements are summaries of all the funds used by the Wahpeton Park District to provide programs and activities and attempt to answer the question "How did the District do financially during the year ended December 31, 2016?"

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

The Statement of Activities presents information on how the District's net position changed during the 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 periods (for example, uncollected taxes).

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

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported which includes culture and recreation.

The government-wide financial statements can be found on pages 11 – 12 of this report.

**Reporting on the District's Most Significant Funds**

*Balance Sheet - Governmental Funds*

The District uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies, and funds received from grants and donations). The fund basic financial statements allow the District to demonstrate its stewardship over the accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the District's major funds. Using the criteria established by GASB Statement No. 34, the District's general fund, forestry fund, park capital improvements, parks and recreation, and social security fund are major funds.

The District's other funds are used to account for a multitude of financial transactions and is summarized under the heading "Other Governmental Funds".

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

In addition, the District has the following fund types

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Wahpeton Park District's own programs.

The basic fiduciary fund financial statements can be found on page 17.

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

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*Notes to the 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 non-major government funds can be found on pages 38 – 41 of this report.

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

Table I provides a summary of the District's net position as of December 31, 2016 and 2015. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Wahpeton Park District, net position increased by \$6,566 for the year ending December 31, 2016.

The District's net position at December 31, 2016 is segregated into three separate categories. Net position invested in capital assets (net of related debt) are not available for future spending. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net positions are available to meet the District's ongoing obligations.

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

	2016	2015
<b>Assets</b>		
Current Assets	\$ 1,254,714	\$ 1,532,275
Capital Assets, net of depreciation	2,554,998	2,263,272
<b>Total Assets</b>	<b>3,809,712</b>	<b>3,795,547</b>
<b>Liabilities</b>		
Long-term Liabilities	47,427	39,828
<b>Total Liabilities</b>	<b>47,427</b>	<b>39,828</b>
<b>Net Position</b>		
Net Position	2,554,998	2,263,272
Restricted	118,411	70,750
Unrestricted	1,088,876	1,421,697
<b>Total Net Position</b>	<b>\$ 3,762,285</b>	<b>\$ 3,755,719</b>

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

Table II shows the changes in net position for the years ended December 31, 2016 and 2015.

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

	2016	2015
Revenues		
Program Revenues		
Charges for Services	\$ 384,013	\$ 416,125
Operating Grants and Contributions	26,783	48,127
General Revenues		
Property Taxes	642,602	547,829
Intergovernmental	216,257	272,141
Interest and Miscellaneous Earnings	94,188	59,886
Total Revenues	1,363,843	1,344,108
Expenses		
Culture and Recreation	1,357,277	1,367,427
Total Expenses	1,357,277	1,367,427
Change in Net Position	\$ 6,566	\$ (23,319)

Property taxes constituted 47.1%, charges for services 28.2%, and intergovernmental 15.9% of the total revenues of governmental activities of the District for the year ended December 31, 2016.

Culture and recreation constituted 100% of total expenses for governmental activities during the year ended December 31, 2016.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

**Table III**  
**Total and Net Cost of Services**  
**Years Ended June 30,**

	Total Cost		Net Cost	
	2016	2015	2016	2015
Culture and Recreation	\$ 1,357,277	\$ 1,367,427	\$ 946,481	\$ 903,175
Total Expenses	\$ 1,357,277	\$ 1,367,427	\$ 946,481	\$ 903,175

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

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

The District's governmental funds had total revenue of \$1,328,023 and expenditures of \$1,641,404 for the year ended December 31, 2016. The unassigned fund balance of the District's general fund was \$817,034.

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

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**General Fund Budgetary Highlights**

During the year, revenues were less than budgetary estimates by \$72,014, expenditures were less than budgetary estimates by \$20,097, and ending fund balance was less than budgetary estimates by \$51,917. Budgeted amounts for intergovernmental revenues are based off of prior year's history and current year projections. A decrease in revenues received required management to decrease expenditures in the current year.

Additional information on the Wahpeton Park District budget can be found in Note 2 of the audited financial statements that follow this analysis.

**Capital Assets**

As of December 31, 2016, the Wahpeton Park District had \$2,554,998 invested in capital assets. Table IV shows the balances at December 31, 2016 and 2015.

**Table IV**  
**Capital Assets**  
**(Net of Accumulated Depreciation)**  
**Years Ended June 30,**

	2016	2015
Land	\$ 115,500	\$ 115,500
Buildings and Improvements	1,557,862	1,579,486
Land Improvements	728,073	414,257
Equipment	153,563	154,029
Total Capital Assets	<u>\$ 2,554,998</u>	<u>\$ 2,263,272</u>

This total represents a net increase of \$291,726 in capital assets from the prior year. For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 7 of the audited financial statements that follow this analysis.

**Debt Administration**

As of December 31, 2016, the Wahpeton Park District had no 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 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 African 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.

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

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- Community gardens are located on private land rented from Perry and Larry Miller, Wahpeton, North Dakota. The land is intended for commercial development, so its availability is tenuous.
- The City of Wahpeton is developing residential zoned areas in northwest Wahpeton. Planning a neighborhood park and trails will be considered.
- A sidewalk on the south side of the Community Center is being planned.

**Contacting the Districts Financial Management**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives to the citizens of Wahpeton. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Wayne Beyer at Wahpeton, North Dakota, 58075, 701-642-2811.

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

**STATEMENT OF NET POSITION**  
**December 31, 2016**

	<u>Primary Government</u>	<u>Zoo Association</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 675,627	\$ 901,391
Due from County	139,297	-
Note Receivable	90,000	-
Taxes Receivable	267,098	-
Due from Component Unit	78,892	-
Patronage Dividends Receivable	3,800	-
	<u>1,254,714</u>	<u>901,391</u>
Total Current Assets		
Capital Assets		
Non-depreciable		
Land	115,500	-
Depreciable, net of accumulated depreciation		
Buildings and Improvements	1,557,862	579,760
Land Improvements	728,073	13,233
Equipment	153,563	29,894
	<u>2,554,998</u>	<u>622,887</u>
Total Capital Assets		
	<u>2,554,998</u>	<u>622,887</u>
Total Assets	3,809,712	1,524,278
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	-	5,284
Line of Credit	-	100,000
	<u>-</u>	<u>105,284</u>
Total Current Liabilities		
	<u>-</u>	<u>105,284</u>
Due After One Year		
Due to Component Unit	-	78,892
Compensated Absences	47,427	8,598
	<u>47,427</u>	<u>87,490</u>
Total Long-term Liabilities		
	<u>47,427</u>	<u>87,490</u>
Total Liabilities	47,427	192,774
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,554,998	622,887
Restricted	118,411	4,882
Unrestricted	1,088,876	703,735
	<u>3,762,285</u>	<u>1,331,504</u>
Total Net Position	\$ 3,762,285	\$ 1,331,504

See Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2016**

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	\$ 1,357,277	\$ 384,013	\$ 26,783	\$ (946,481)	\$ -
	<u>\$ 1,357,277</u>	<u>\$ 384,013</u>	<u>\$ 26,783</u>	(946,481)	-
Component Unit					
Culture and Recreation	\$ 802,589	\$ 518,053	\$ 117,859	-	(166,677)
	<u>\$ 802,589</u>	<u>\$ 518,053</u>	<u>\$ 117,859</u>	-	(166,677)
	General Revenues				
	Taxes				
	Taxes Levied for General Purposes			520,934	-
	Taxes Levied for Special Purposes			39,793	-
	Taxes Levied for Capital Improvements			81,875	-
	Intergovernmental			216,257	-
	Interest and Investment Earnings			5,814	31,175
	Unrealized Gain/Loss on Investment			-	19,420
	Miscellaneous			88,374	659
	Total General Revenues			<u>953,047</u>	<u>51,254</u>
	Change in Net Position			6,566	(115,423)
	Net Position, Beginning of Year			<u>3,755,719</u>	<u>1,446,927</u>
	Net Position, End of Year			<u>\$ 3,762,285</u>	<u>\$ 1,331,504</u>

See Notes to Financial Statements

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

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2016**

	<u>General Fund</u>	<u>Forestry</u>	<u>Park Capital Improvements</u>	<u>Parks and Recreation</u>	<u>Social Security</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 401,053	\$ -	\$ -	\$ 65,221	\$ -	\$ 209,353	\$ 675,627
Due from County	113,142	-	7,465	-	-	18,690	139,297
Note Receivable	90,000	-	-	-	-	-	90,000
Due from Other Funds	130,147	-	-	83,396	-	187,634	401,177
Taxes Receivable	216,730	-	14,305	-	119	35,944	267,098
Due from Component Unit	78,892	-	-	-	-	-	78,892
Patronage Dividends Receivable	3,800	-	-	-	-	-	3,800
Total Assets	<u>\$ 1,033,764</u>	<u>\$ -</u>	<u>\$ 21,770</u>	<u>\$ 148,617</u>	<u>\$ 119</u>	<u>\$ 451,621</u>	<u>\$ 1,655,891</u>
<b>LIABILITIES</b>							
Due to Other Funds	\$ -	\$ 106,492	\$ 107,051	\$ -	\$ 92,433	\$ 95,201	\$ 401,177
Total Liabilities	-	106,492	107,051	-	92,433	95,201	401,177
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	216,730	-	14,305	-	119	35,944	267,098
Total Deferred Inflows of Resources	216,730	-	14,305	-	119	35,944	267,098
Total Liabilities and Deferred Inflows of Resources	216,730	106,492	121,356	-	92,552	131,145	668,275
<b>FUND BALANCE (DEFICIT)</b>							
Restricted	-	-	-	-	-	96,854	96,854
Assigned	-	-	-	148,617	-	315,091	463,708
Unassigned (Deficit)	817,034	(106,492)	(99,586)	-	(92,433)	(91,469)	427,054
Total Fund Balance (Deficit)	<u>817,034</u>	<u>(106,492)</u>	<u>(99,586)</u>	<u>148,617</u>	<u>(92,433)</u>	<u>320,476</u>	<u>987,616</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	<u>\$ 1,033,764</u>	<u>\$ -</u>	<u>\$ 21,770</u>	<u>\$ 148,617</u>	<u>\$ 119</u>	<u>\$ 451,621</u>	<u>\$ 1,655,891</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, 2016**

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Total Fund Balance - Governmental Funds		\$	987,616
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	4,970,501		
Less Accumulated Depreciation	(2,415,503)		
Net Capital Assets	<u>3,125,683</u>		2,554,998
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.			
			267,098
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at the end of the year are reported in the statement of net position.			
Compensated Absences			<u>(47,427)</u>
Net Assets of Governmental Activities in the Statement of Net Assets		\$	<u><u>3,762,285</u></u>

See Notes to Financial Statements

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	<u>General Fund</u>	<u>Forestry</u>	<u>Park Capital Improvements</u>	<u>Parks and Recreation</u>	<u>Social Security</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ 486,631	\$ -	\$ 32,014	\$ -	\$ 691	\$ 87,446	\$ 606,782
Donations	12,000	325	8,368	6,090	-	-	26,783
Charges for Services	66,770	-	-	317,243	-	-	384,013
Intergovernmental	176,257	-	-	-	-	40,000	216,257
Interest	5,793	-	-	21	-	-	5,814
Miscellaneous	16,068	-	-	29,681	-	42,625	88,374
Total Revenues	763,519	325	40,382	353,035	691	170,071	1,328,023
<b>EXPENDITURES</b>							
Culture and Recreation	667,573	23,421	393,126	345,870	57,055	154,359	1,641,404
Total Expenditures	667,573	23,421	393,126	345,870	57,055	154,359	1,641,404
Excess (Deficiency) of Revenues over Expenditures	95,946	(23,096)	(352,744)	7,165	(56,364)	15,712	(313,381)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	721,088	(83,396)	253,158	141,452	(36,069)	304,764	1,300,997
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 817,034</u>	<u>\$ (106,492)</u>	<u>\$ (99,586)</u>	<u>\$ 148,617</u>	<u>\$ (92,433)</u>	<u>\$ 320,476</u>	<u>\$ 987,616</u>

See Notes to Financial Statements

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2016**

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Net Change in Fund Balance - Total Governmental Funds	\$ (313,381)
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 capital outlays exceeded depreciation in the current year	291,726
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	
Net Increase in Compensated Absences	(7,599)
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 an increase in taxes receivable	<u>35,820</u>
Change in net assets of governmental activities	<u>\$ 6,566</u>

See Notes to Financial Statements

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS**  
**December 31, 2016**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Investments	\$ 53,731
Total Assets	<u>\$ 53,731</u>
<b>LIABILITIES</b>	
Due to Groups	\$ 53,731
Total Liabilities	<u>\$ 53,731</u>

See Notes to Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

The financial statements of the Wahpeton Park District, Wahpeton, North Dakota (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America 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.

**A. Reporting Entity**

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

Based upon the above criteria, the financial statements of the Chahinkapa Zoo Association are discretely presented in the accompanying financial statements. The Wahpeton 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 fundraising activities of the Zoo Association. The District owns the fixed assets of the Zoo Association.

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

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

The District reports the following major governmental funds:

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

*Forestry* – The Forestry Fund is used to account for the proceeds of certain specific revenue sources to be used for forestry specific purposes.

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

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*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.

*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.

*Social Security* – The Social Security Fund receives revenue from property taxes levied and is used to fund the employer portion of payroll taxes.

The District reports the following fund type:

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

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

*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 the 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 year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the 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 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 District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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

**D. Cash and Investments**

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

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

**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 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
Land Improvements	15-50
Equipment	15
Vehicles	5

**F. Compensated Absences**

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

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

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

<u>Hired before May 15, 2013</u> <u>Years of Service</u>	<u>% of Accrued</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%

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

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

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

**G. Long-term Obligations**

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

**H. Fund Balance and Net Position**

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

*Fund Balance Spending Policy:*

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

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

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

CLASSIFICATION	DEFINITION	EXAMPLES
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments 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.



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

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Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Park Board. Formal action is required to be taken to establish, modify, or rescind a fund balance commitment.	By board action, construction claims and judgements, retirements of loans and notes payable, capital expenditures, and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the director.	By board action, construction claims and judgements, retirements of loans and notes payable, capital expenditures, and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is a fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.	Available for any remaining general fund expenditure.

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

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

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

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

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

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

*Net Position*

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

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

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

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

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

**I. Interfund Transactions**

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

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

**J. Budgetary Data**

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

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

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

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

**NOTE 2 – LEGAL COMPLIANCE - BUDGETS**

Expenditures over Appropriations – General fund expenditures did not exceed appropriations for the year ended December 31, 2016.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board. At year end December 31, 2016, the District's carrying amounts of deposits was \$675,627 and the bank balances were \$734,035. Of the bank balances, \$250,000 was covered by Federal Depository Insurance Corporation. The remaining bank balances were collateralized with securities held by pledging financial institution's agents in the government's name.

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

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*Credit Risk:*

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

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

As of December 31, 2016, the District held three certificates of deposit.

*Interest Rate Risk:*

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

*Concentration of Credit Risk:*

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

**NOTE 4 – TAXES RECEIVABLE**

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

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing 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 – DUE FROM COUNTY**

Due from county represents the amount of taxes collected prior to year-end that are distributed to the District shortly after December 31, 2016.

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

**NOTE 6 – DUE TO/FROM OTHER FUNDS**

The composition of due to and due from other funds as of December 31, 2016:

Fund	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 130,147	\$ -
Airport Park	-	35,630
Arts	-	16,206
Community Center	150,000	-
Double Decker Bus	-	203
Emergency Insurance	37,634	-
Flood Levy	-	529
Forestry	-	106,492
Park Capital Improvements	-	107,051
Parks and Recreation	83,396	-
Retirement Withholding	-	24,876
Social Security	-	92,433
Swimming Pool	-	17,757
Totals	<u>\$ 401,177</u>	<u>\$ 401,177</u>

The composition of due to and from other funds is related to negative cash balances in nonmajor funds.

**NOTE 7 – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2016</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 115,500	\$ -	\$ -	\$ 115,500
Total Capital Assets, not being depreciated	115,500	-	-	115,500
Capital Assets, being depreciated				
Buildings and Improvements	3,125,683	39,898	-	3,165,581
Land Improvements	820,169	363,618	-	1,183,787
Vehicles	25,059	-	-	25,059
Equipment	457,174	28,400	(5,000)	480,574
Total Capital Assets, being depreciated	4,428,085	431,916	(5,000)	4,855,001
Less Accumulated Depreciation for:				
Buildings and Improvements	1,546,197	61,522	-	1,607,719
Land Improvements	405,912	49,802	-	455,714
Vehicles	25,059	-	-	25,059
Equipment	303,145	28,866	(5,000)	327,011
Total Accumulated Depreciation	2,280,313	140,190	(5,000)	2,415,503
Total Capital Assets Being Depreciated, net	2,147,772	291,726	-	2,439,498
Governmental Activities Capital Assets, net	<u>\$ 2,263,272</u>	<u>\$ 291,726</u>	<u>\$ -</u>	<u>\$ 2,554,998</u>

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

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

Governmental Activities	
Culture and Recreation	\$ 140,190

Capital asset activity for the Zoo Association (Component Unit) for the year ended December 31, 2016 is as follows:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016
Component Unit				
Capital Assets, being depreciated				
Buildings and Improvements	\$ 1,633,298	\$ -	\$ -	\$ 1,633,298
Land Improvements	129,725	-	-	129,725
Equipment	196,513	18,177	-	214,690
Total Capital Assets, being depreciated	1,959,536	18,177	-	1,977,713
Less Accumulated Depreciation for:				
Buildings and Improvements	1,032,294	21,244	-	1,053,538
Land Improvements	112,375	4,117	-	116,492
Equipment	181,719	3,077	-	184,796
Total Accumulated Depreciation	1,326,388	28,438	-	1,354,826
Total Capital Assets Being Depreciated, net	633,148	(10,261)	-	622,887
Component Unit Capital Assets, net	<u>\$ 633,148</u>	<u>\$ (10,261)</u>	<u>\$ -</u>	<u>\$ 622,887</u>

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

Componet Unit	
Culture and Recreation	\$ 28,438

**NOTE 8 – LONG-TERM LIABILITIES**

During the year ended December 31, 2016, the following changes occurred in liabilities reported in long-term liabilities:

	Long-term Liabilites at January 1, 2016	Increases	Decreases	Long-term Liabilites at December 31, 2016	Due Within One Year
Governmental Activities					
Compensated Absences*	\$ 39,828	\$ 7,599	\$ -	\$ 47,427	\$ -
Total - Governmental Activities	<u>\$ 39,828</u>	<u>\$ 7,599</u>	<u>\$ -</u>	<u>\$ 47,427</u>	<u>\$ -</u>

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

	Long-term Liabilities at January 1, 2016	Increases	Decreases	Long-term Liabilities at December 31, 2016	Due Within One Year
Component Unit					
Due to Component Unit	\$ 25,552	\$ 53,340	\$ -	\$ 78,892	\$ -
Compensated Absences*	7,372	1,226	-	8,598	-
Total - Component Unit	<u>\$ 32,924</u>	<u>\$ 54,566</u>	<u>\$ -</u>	<u>\$ 87,490</u>	<u>\$ -</u>

\*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 9 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources in the fund financial statements consist of amounts for which asset recognition criteria have been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivables of \$267,098.

**NOTE 10 – RISK MANAGEMENT**

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

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

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period. The State Bonding Fund currently provides political subdivision with blanket fidelity bond coverage in the amount of \$375,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

The District has elected to be self-insured and retain all risk for liabilities resulting from claims of unemployment benefits. During the year ended December 31, 2016, no claims were filed for unemployment benefits.

**NOTE 11 – PENSION PLAN**

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

**General Information about the NDPERS Pension Plan**

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

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

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

**Pension Benefits**

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

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

**Death and Disability Benefits**

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

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

**Refunds of Member Account Balance**

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

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

**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 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

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

At December 31, 2016, the Employer reported a liability of \$2,337,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2016, the Employer's proportion was .239829 percent, which was a decrease of .017013 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Employer recognized pension expense of \$288,140. At December 31, 2016, 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	\$ 35,112	\$ 21,642
Changes of assumptions	215,475	116,120
Net difference between projected and actual earnings of pension plan investments	326,097	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	104,729
Employer contributions subsequent to the measurement date	109,473	-
Total	<u>\$ 686,157</u>	<u>\$ 242,491</u>

\$109,473 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.



**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:

2017	\$ 57,012
2018	57,012
2019	128,149
2020	74,298
2021	17,722
Thereafter	-

**Actuarial assumptions**

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50%
Investment rate of return	8.00%
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, 2016, 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%	0.45%
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 District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Employer’s proportionate share of net pension liability	\$ 3,315,510	\$ 2,337,367	\$ 1,513,231

**Pension plan fiduciary net position**

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

**NOTE 12 – FUND BALANCE DEFICIT**

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

Fund	Deficit
Airport Park	\$ (35,630)
Arts	(16,206)
Double Decker Bus	(203)
Flood Levy	(529)
Forestry	(106,492)
Park Capital Improvements	(99,586)
Retirement Withholding	(24,876)
Social Security	(92,433)
Swimming Pool	(14,025)
Totals	<u>\$ (389,980)</u>

**NOTE 13 - SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 28, 2018, the date on which the financial statements were available to be issued.

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

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 490,500	\$ 490,500	\$ 486,631	\$ (3,869)
Donations	12,000	12,000	12,000	-
Charges for Services	72,000	72,000	66,770	(5,230)
Intergovernmental	247,533	247,533	176,257	(71,276)
Interest	4,500	4,500	5,793	1,293
Miscellaneous	9,000	9,000	16,068	7,068
Total Revenues	835,533	835,533	763,519	(72,014)
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	687,670	687,670	667,573	20,097
Total Expenditures	687,670	687,670	667,573	20,097
Excess (Deficiency) of Revenues over Expenditures	147,863	147,863	95,946	(51,917)
FUND BALANCE, BEGINNING OF YEAR			721,088	
FUND BALANCE, END OF YEAR			\$ 817,034	

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

**BUDGETARY COMPARISON SCHEDULE – FORESTRY FUND**  
**Year Ended December 31, 2016**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Donations	\$ -	\$ -	\$ 325	\$ 325
Total Revenues	-	-	325	325
EXPENDITURES				
Current				
Culture and Recreation	30,150	30,150	23,421	6,729
Total Expenditures	30,150	30,150	23,421	6,729
Excess (Deficiency) of Revenues over Expenditures	(30,150)	(30,150)	(23,096)	7,054
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(83,396)	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (106,492)</u>	

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

**BUDGETARY COMPARISON SCHEDULE – PARK CAPITAL IMPROVEMENTS FUND**  
**Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 31,892	\$ 31,892	\$ 32,014	\$ 122
Donations	-	-	8,368	8,368
Total Revenues	31,892	31,892	40,382	8,490
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	31,892	31,892	393,126	(361,234)
Total Expenditures	31,892	31,892	393,126	(361,234)
Excess (Deficiency) of Revenues over Expenditures	-	-	(352,744)	(352,744)
FUND BALANCE, BEGINNING OF YEAR			253,158	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (99,586)</u>	

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

**BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION FUND**  
**Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Donations	\$ 13,600	\$ 13,600	\$ 6,090	\$ (7,510)
Charges for Services	477,900	477,900	317,243	(160,657)
Interest	-	-	21	21
Miscellaneous	32,000	32,000	29,681	(2,319)
Total Revenues	<u>523,500</u>	<u>523,500</u>	<u>353,035</u>	<u>(170,465)</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation	523,500	523,500	345,870	177,630
Total Expenditures	<u>523,500</u>	<u>523,500</u>	<u>345,870</u>	<u>177,630</u>
Excess of Revenues over Expenditures	-	-	7,165	7,165
FUND BALANCE, BEGINNING OF YEAR			<u>141,452</u>	
FUND BALANCE, END OF YEAR			<u>\$ 148,617</u>	

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

**PENSION SCHEDULES**  
**Year Ended December 31, 2016**

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

	2016	2015	2014
District's proportion of the net pension liability (asset)	0.2398290%	0.2569020%	0.2578440%
District's proportionate share of the net pension liability (asset)	2,337,367	1,746,890	1,636,591
District's covered-employee payroll	2,416,910	2,288,686	2,172,028
District proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	70.46	77.15%	77.70%

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

	2016	2015	2014
Statutorily required contribution	174,980	173,844	154,618
Contributions in relation to statutorily required contribution	(187,909)	(163,725)	(154,618)
Contribution deficiency (excess)	(12,929)	10,119	-
Employer's covered-employee payroll	2,416,910	2,288,686	2,172,028
Contributions as a percentage of covered-employee payroll	7.77%	7.15%	7.12%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

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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, 2016**

	Airport Park	Arts	Allmendinger Memorial	Bandstand Program	Building Construction	Campground Shelter	Community Center	Double Decker Bus	Emergency Insurance	Equipment Reserve
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ -	\$ -	\$ 15,795	\$ 14,135	\$ 51,594	\$ 1,000	\$ 2,916	\$ -	\$ 44,023	\$ 267
Due from County	-	-	-	-	3,732	-	-	-	-	3,732
Due from Other Funds	-	-	-	-	-	-	150,000	-	37,634	-
Taxes Receivable	-	-	-	-	7,152	-	-	-	-	7,152
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,795</b>	<b>\$ 14,135</b>	<b>\$ 62,478</b>	<b>\$ 1,000</b>	<b>\$ 152,916</b>	<b>\$ -</b>	<b>\$ 81,657</b>	<b>\$ 11,151</b>
<b>LIABILITIES</b>										
Due to Other Funds	\$ 35,630	\$ 16,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203	\$ -	\$ -
<b>Total Liabilities</b>	<b>35,630</b>	<b>16,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenue - Property Taxes	-	-	-	-	7,152	-	-	-	-	7,152
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,152</b>
<b>of Resources</b>	<b>35,630</b>	<b>16,206</b>	<b>-</b>	<b>-</b>	<b>7,152</b>	<b>-</b>	<b>-</b>	<b>203</b>	<b>-</b>	<b>7,152</b>
<b>FUND BALANCE (DEFICIT)</b>										
Restricted	-	-	-	-	55,326	-	-	-	-	-
Assigned	-	-	15,795	14,135	-	1,000	152,916	-	81,657	3,999
Unassigned (Deficit)	(35,630)	(16,206)	-	-	-	-	-	(203)	-	-
<b>Total Fund Balance (Deficit)</b>	<b>(35,630)</b>	<b>(16,206)</b>	<b>15,795</b>	<b>14,135</b>	<b>55,326</b>	<b>1,000</b>	<b>152,916</b>	<b>(203)</b>	<b>81,657</b>	<b>3,999</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,795</b>	<b>\$ 14,135</b>	<b>\$ 62,478</b>	<b>\$ 1,000</b>	<b>\$ 152,916</b>	<b>\$ -</b>	<b>\$ 81,657</b>	<b>\$ 11,151</b>

**WAHPETON PARK DISTRICT**  
**Nonmajor Governmental Funds – Combining Balance Sheet – Continued**

	Flood Levy	Kidder Park	Major Maintenance	Mini-Park	Retirement Withholding	Special Assessments Levy	Swimming Pool	Unemployment Reserve	Other Governmental Funds
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ -	\$ 16,953	\$ 14,015	\$ 10,387	\$ -	\$ 34,034	\$ -	\$ 4,234	\$ 209,353
Due from County	-	-	-	-	-	7,494	3,732	-	18,690
Due from Other Funds	-	-	-	-	-	-	-	-	187,634
Taxes Receivable	-	-	-	-	83	14,405	7,152	-	35,944
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 16,953</b>	<b>\$ 14,015</b>	<b>\$ 10,387</b>	<b>\$ 83</b>	<b>\$ 55,933</b>	<b>\$ 10,884</b>	<b>\$ 4,234</b>	<b>\$ 451,621</b>
<b>LIABILITIES</b>									
Due to Other Funds	\$ 529	\$ -	\$ -	\$ -	\$ 24,876	\$ -	\$ 17,757	\$ -	\$ 95,201
<b>Total Liabilities</b>	<b>529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,876</b>	<b>-</b>	<b>17,757</b>	<b>-</b>	<b>95,201</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable Revenue - Property Taxes	-	-	-	-	83	14,405	7,152	-	35,944
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>14,405</b>	<b>7,152</b>	<b>-</b>	<b>35,944</b>
<b>of Resources</b>	<b>529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,959</b>	<b>14,405</b>	<b>24,909</b>	<b>-</b>	<b>131,145</b>
<b>FUND BALANCE (DEFICIT)</b>									
Restricted	-	-	-	-	-	41,528	-	-	96,854
Assigned	-	16,953	14,015	10,387	-	-	-	4,234	315,091
Unassigned (Deficit)	(529)	-	-	-	(24,876)	-	(14,025)	-	(91,469)
<b>Total Fund Balance (Deficit)</b>	<b>(529)</b>	<b>16,953</b>	<b>14,015</b>	<b>10,387</b>	<b>(24,876)</b>	<b>41,528</b>	<b>(14,025)</b>	<b>4,234</b>	<b>320,476</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)</b>	<b>\$ -</b>	<b>\$ 16,953</b>	<b>\$ 14,015</b>	<b>\$ 10,387</b>	<b>\$ 83</b>	<b>\$ 55,933</b>	<b>\$ 10,884</b>	<b>\$ 4,234</b>	<b>\$ 451,621</b>

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

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**  
**December 31, 2016**

	Airport Park	Arts	Allmendinger Memorial	Bandstand Program	Building Construction	Campground Shelter	Community Center	Double Decker Bus	Emergency Insurance	Equipment Reserve
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ 7,247	\$ 15,861	\$ -	\$ -	\$ -	\$ -	\$ 15,861
Intergovernmental	-	-	-	-	-	-	40,000	-	-	-
Miscellaneous	-	4,000	10,105	-	-	-	7,993	681	7,961	4,500
Total Revenues	-	4,000	10,105	7,247	15,861	-	47,993	681	7,961	20,361
<b>EXPENDITURES</b>										
Culture and Recreation	1,260	4,000	3,106	7,247	8,615	-	26,793	548	-	29,226
Total Expenditures	1,260	4,000	3,106	7,247	8,615	-	26,793	548	-	29,226
Excess (Deficiency) of Revenues over Expenditures	(1,260)	-	6,999	-	7,246	-	21,200	133	7,961	(8,865)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(34,370)	(16,206)	8,796	14,135	48,080	1,000	131,716	(336)	73,696	12,864
FUND BALANCE (DEFICIT), END OF YEAR	\$ (35,630)	\$ (16,206)	\$ 15,795	\$ 14,135	\$ 55,326	\$ 1,000	\$ 152,916	\$ (203)	\$ 81,657	\$ 3,999

**WAHPETON PARK DISTRICT**  
**Nonmajor Governmental Funds – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Continued**

	<u>Flood Levy</u>	<u>Kidder Park</u>	<u>Major Maintenance</u>	<u>Mini-Park</u>	<u>Retirement Withholding</u>	<u>Special Assessments Levy</u>	<u>Swimming Pool</u>	<u>Unemployment Reserve</u>	<u>Other Governmental Funds</u>
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 480	\$ 31,974	\$ 16,023	\$ -	\$ 87,446
Intergovernmental	-	-	-	-	-	-	-	-	40,000
Miscellaneous	-	4,918	2,467	-	-	-	-	-	42,625
Total Revenues	-	4,918	2,467	-	480	31,974	16,023	-	170,071
EXPENDITURES									
Culture and Recreation	-	6,972	461	314	37,967	-	27,850	-	154,359
Total Expenditures	-	6,972	461	314	37,967	-	27,850	-	154,359
Excess (Deficiency) of Revenues over Expenditures	-	(2,054)	2,006	(314)	(37,487)	31,974	(11,827)	-	15,712
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(529)	19,007	12,009	10,701	12,611	9,554	(2,198)	4,234	304,764
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (529)</u>	<u>\$ 16,953</u>	<u>\$ 14,015</u>	<u>\$ 10,387</u>	<u>\$ (24,876)</u>	<u>\$ 41,528</u>	<u>\$ (14,025)</u>	<u>\$ 4,234</u>	<u>\$ 320,476</u>



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

Park Board  
Wahpeton Park District  
Wahpeton, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wahpeton Park District, as of and for the year ended December 31, 2016, 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 28, 2018.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2016-001, 2016-002, and 2016-003).

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

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

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

Wahpeton Park District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wahpeton Park District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

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



Nadine Julson, LLC  
Wahpeton, North Dakota  
September 28, 2018

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended December 31, 2016**

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

Financial Statements

Type of Report Issued:

Governmental Activities	Unmodified
Major Governmental Funds	Unmodified

Internal Control Over Financial Reporting

Material weakness identified?	<u>          X          </u>	Yes	<u>                          </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u>                          </u>	Yes	<u>          X          </u>	None reported
Noncompliance material to financial statements noted?	<u>                          </u>	Yes	<u>          X          </u>	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

*2016-001 LACK OF SEGREGATION OF DUTIES*

**Criteria**

An appropriate system of internal control has the proper segregation of duties between authorization, custody, record keeping, and reconciliation functions.

**Condition**

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

**Effect**

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the 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 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.

**Indication of Repeat Finding**

This is a repeat of finding 2015-001 from the prior year.

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

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*2016-002 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 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 District results in more than a remote likelihood that the District would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

**Recommendation**

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.

**Indication of Repeat Finding**

This is a repeat of finding 2015-002 from the prior year.

*2016-003 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 fraud or error.

**Recommendation**

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



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

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**Views of Responsible Officials**

There is no disagreement with the audit finding.

**Indication of Repeat Finding**

This is a repeat of finding 2015-004 from the prior year.