

City Of
Grand Forks



Comprehensive Annual
Financial Report

City Of Grand Forks, ND
For The Year Ended December 31, 2016

Comprehensive Annual Financial Report



of the
City of Grand Forks, North Dakota

**For the Year Ended
December 31, 2016**

Prepared by
**THE DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES
MAUREEN STORSTAD, DIRECTOR
CANDICE STJERN, ASSISTANT DIRECTOR**

(Member of Government Finance Officers Association Of the United States & Canada)

CITY OF GRAND FORKS, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page		
Table of Contents		i - iii
Letter of Transmittal		I - VII
GFOA Certificate of Achievement For Excellence in Financial Reporting		IX
Organizational Chart		X
List of Elected and Appointed City Officials		XI

FINANCIAL SECTION

	Exhibit	Page
Independent Auditor's Report		1-3
Management Discussion and Analysis		4-18
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	20
Statement of Activities	2	21
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	24
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	5	26
Statement of Net Position - Proprietary Funds	6	28
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	7	30
Statement of Cash Flows - Proprietary Funds	8	32
Statement of Fiduciary Net Position - Fiduciary Funds	9	34
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	10	35
Notes to the Financial Statements		37-84
Required Supplementary Information:		
Schedule of Funding Progress - Single Employer Plan		85
Schedule of Funding Progress - Public Employees Retirement System		86

Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	A-1	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	A-2	88
Combining Balance Sheet - Nonmajor Special Revenue Funds	B-1	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	B-2	96
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Nonmajor Special Revenue Funds	B-3	102
Combining Balance Sheet - Nonmajor Debt Service Funds	C-1	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	C-2	116
Combining Balance Sheet - Nonmajor Capital Project Funds	D-1	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	D-2	120
Combining Statement of Net Position - Nonmajor Proprietary Funds	E-1	124
Combining Statement of Revenues, Expenditures and Changes in Net Position - Nonmajor Proprietary Funds	E-2	126
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	E-3	128
Combining Statement of Net Position - Internal Service Funds	F-1	132
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	F-2	133
Combining Statement of Cash Flows - Internal Service Funds	F-3	134
Combining Statement of Assets & Liabilities - Agency Funds	G-1	137
Combining Statement of Changes in Assets & Liabilities - Agency Funds	G-2	138
Statement of Changes in Net Position - Pension Trust Fund	G-3	140
Capital Assets Used in the Operation of Governmental Funds:		
Schedule by Source	H-1	142
Schedule by Function and Activity	H-2	143
Schedule of Changes by Function and Activity	H-3	144
Supporting Schedules:		Schedule
Schedule of Cash, Cash Equivalents and Investments	J-1	146
Summary of Debt Statistics	J-2	147
Debt Statement as of December 31, 2016	J-3	148
Summary of Debt Service Requirements to Maturity	J-4	150
Debt Service Requirements to Maturity - General Obligation and Tax Increment Bonds	J-5	151
Debt Service Requirements to Maturity - Revenue Bonds	J-6a	152
Debt Service Requirements to Maturity - Sales Tax Revenue Bonds	J-6b	153
Debt Service Requirements to Maturity - Refunding Improvement Bonds	J-7	154
Debt Service Requirements to Maturity - Special Project Bonds and Temporary Warrants	J-8	155

	Schedule	
Summary of Individual Bonds	J-9	156
Schedule of Insurance in Force as of December 31, 2016	J-10	160
STATISTICAL SECTION	Table	
Financial Trends:		
Net Position by Component Unit, Last Ten Fiscal Years	1	165
Changes in Net Position, Last Ten Fiscal Years	2	166
Program Revenue by Function, Last Ten Fiscal Years	3	168
Government-wide Expenses by Function, Last Ten Fiscal Years	4	169
Fund Balances, Governmental, Last Ten Fiscal Years	5	170
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	6	171
Revenue Capacity:		
Tax Revenue by Source, Governmental Funds, Last Ten Fiscal Years	7	172
Assessed and Estimated Market Value of Taxable Property, Last Ten Fiscal Years	8	174
Property Tax Levy and Collections, Last Ten Fiscal Years	9	176
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	10	178
Principal Property Tax Payers, Current Year and Nine Years Ago	11	179
Construction Value and Number of Permits	11A	180
Debt Capacity:		
Ratio of Outstanding Debt by Type, Last Ten Fiscal Years	12	181
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita, Last Ten Fiscal Years	13	182
Direct and Overlapping Governmental Activities Debt as of Dec. 31, 2014	14	183
Legal Debt Margin Information, Last Ten Fiscal Years	15	184
Computation of Legal Debt Margin	15A	185
Pledged Revenue Coverage- Water Revenue Bonds, Last Ten Fiscal Years	16	186
Pledged Revenue Coverage- Sewer Revenue Bonds, Last Ten Fiscal Years	17	187
Pledged Revenue Coverage-Special Assessment Bonds, Last Ten Fiscal Years	18	188
Demographic and Economic Information:		
Demographic Statistics, Last Ten Fiscal Years	19	189
Principal Employers, Current Year and Nine Years Ago	20	190
Operating Information:		
Full-time Equivalent City Employees by Function/Program	21	191
Operating Indicators by Function/Program	22	192
Capital Asset Statistics by Function/Program	23	194



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FOR NOTES



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June 9, 2017

To the Honorable Mayor, Members of the City Council, and
Citizens of the City of Grand Forks, North Dakota:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Grand Forks for the fiscal year ended December 31, 2016. This report satisfies audit and financial reporting requirements pursuant to North Dakota Century Code 54-10-14.

The report is prepared by the City's Finance and Administrative Services Office in conformity with the generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as published by the Comptroller General of the United States, by a firm of licensed certified public accountants.

This report consists of management's representation concerning the finances of the City of Grand Forks (the City). Consequently, the management assumes full responsibility for the completeness and reliability for all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive framework of internal controls designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

As management, we assert, to the best of our knowledge and belief, these financial statements are complete and reliable in all material respects.

Brady, Martz and Associates, P.C., Certified Public Accountants have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The requirement has been complied with and the independent auditors have issued an unmodified ("clean") opinion on the City of Grand Forks financial statements for the year ended December 31, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction.

The independent audit of the financial statements of the City of Grand Forks was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the

fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the schedule of expenditures of federal awards, auditor's report on the internal control structure, and compliance with applicable laws and regulations are included in a separate report that is available in the City Finance and Administrative Services Office.

Profile of the City

The City of Grand Forks was incorporated in 1881. The City of Grand Forks is located on the eastern border of North Dakota, in the rich Red River Valley, which is one of the most fertile agricultural areas in the world. Grand Forks history shows it to be a popular gathering spot for both Native American and early settler population engaged in fur trapping and trading. Steamboats on the river and the expansion of the railroad facilitated much trade on the Red River Corridor from southern and eastern areas of the U. S. through Grand Forks to western and northern areas, including Winnipeg, Canada. Besides the trading, historically, the agriculture industry has been a major factor in the City's continued growth and development of the successful business climate in the region.

The City currently occupies a land area of approximately 27.14 square miles and has a population of 59,299 at the end of 2015. Grand Forks is the proud home to the University of North Dakota which enrolls 15,000 students from around the world, in more than 200 fields of study from baccalaureate through doctoral and professional degrees.

Located approximately 15 miles west of the City of Grand Forks, and a very crucial part of the City, is the Grand Forks Air Force Base. The Air Base is home to Predator and Global Hawk unmanned aircraft and employs over 3,500 personnel.

The Grand Forks International Airport, is located 5 miles west of the City, and is served by Delta Air Lines and Allegiant Air. The airport has non-stop service to Las Vegas, NV, Orlando, FL and Minneapolis, MN. It is also home to the University of North Dakota aviation school.

The City of Grand Forks adopted its Home Rule Charter in 1970 and operates under a strong mayor-council form of government. Policymaking and legislative authority are vested with the city council consisting of the mayor and seven council members, one from each ward of the City. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator and the City Attorney. The City Administrator, under the direction of the Mayor, is responsible for carrying out the policies and ordinances of the council, and for overseeing the day-to-day operations of the city government. The council is elected on a non-partisan basis. The council members serve four-year staggered terms. The mayor is elected to serve a four-year term and is elected at large.

The City of Grand Forks is empowered to levy a property tax on real property located within its boundary. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City provides its residents and businesses with a full range of services contemplated by statute or charter. This includes Public Safety (Police and Fire), Highways and Streets Construction and Maintenance, Sanitation, Health, Culture and Recreation, Public Improvements, Planning and Zoning, Water, Sewer, Public Transportation, and General Administrative Services.

The City is also financially accountable for the Grand Forks Regional Airport Authority, a legally separate entity. The Mayor with the approval of the City Council appoints four of the seven members of the

Authority board. Tax levies and bond issuance authorizations are approved by the City Council and the legal liability for the general obligation portion of the Authority's debt remains with the City. Thus the authority's activities are discretely presented in the City of Grand Forks Comprehensive Annual Financial Report. Separate and audited financial statements can be obtained from the Grand Forks Regional Airport Authority.

The City Council is required to adopt a final budget by no later than October 7th. The annual budget serves as the foundation for the City of Grand Forks financial planning and control. The appropriated budget is prepared by fund and department. Department heads may transfer resources within a department as they see fit. Transfers of appropriations between general fund departments, and various funds, however, require the approval of the city council. The level of budgetary control, (that is the level at which expenditures may not legally exceed appropriations) is the fund level. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund the comparison is presented on pages 26-27 as part of the basic financial statements for the governmental funds. For the governmental funds other than the general fund with the appropriated annual budgets, this comparison is presented in the governmental subsection of this report, which starts on page 102.

Economic Condition and Outlook

The Red River Valley boasts some of the United States' richest farmland. The agricultural sector has historically been a catalyst for the Grand Forks region's growth and development. Crops grown in the region support many businesses and manufacturing enterprises. Agriculture, education and medical services provide stability to the economy of the City. During the past few years, however, the local and regional economy has become more diversified with growth in the medical, manufacturing, border security, energy, environmental, aviation/aerospace industries, unmanned aircraft systems, professional services, value-added agri-business and other research and commercial sectors.

The general downturn in the State's economy, which is largely due to the falling oil prices, is starting to be felt in the City of Grand Forks. However, the City's tax base is growing and its economy is very diverse and poised for growth.

The City serves as the economic, educational and retail trade center for the area. Approximately two hundred and fifty thousand (250,000) persons use Grand Forks as their regional center for trade, health care, education and entertainment. Many of the people using Grand Forks come from our neighbors to the North, Canada. City sales tax showed a 3.5% increase in 2015 but a 3.6% decrease in 2016.

The City had a decrease in unemployment from 2.3 percent in 2015 to 2.2 percent in 2016, which is much lower than the national average of 4.9 percent.

Through the strength of partnerships with community, state, and regional members, Grand Forks is poised to take advantage of growth opportunities in many areas including aviation, energy, medicine, border security and other research and commercial sectors.

The Grand Forks Air Force Base is one of the largest employers in the state of North Dakota. The base employs more than 3,500 military personnel and civilians. The Air Force is utilizing the base as an operating location for Predator (MQ-1) and Global Hawk (RQ-4) unmanned aircraft. The base is also home to two Predators owned by U.S. Customs and Border Protection.

In 2014, the state was one of six in the nation awarded an unmanned aircraft test site, by the FAA, for integrating unmanned aerial systems into the national airspace alongside manned aircraft, with the

designation of being the first operational site, the Northern Plains UAS Test Site. It was the culmination of years of work that will help establish the region as a hub of UAS development and continues to be on the cutting edge. In December 2016, the FAA granted authorization to the Northern Plains UAS Test Site for beyond visual line of sight flights.

In conjunction with the test site, the Grand Forks County has worked with the U.S. Air Force to lease 217-acres at the Air Force Base to develop the nation's first, dedicated UAS business and technology park.

Global security company Northrop Grumman officially marked the start of operations at its \$10 million, 36,000-square-foot facility located at Grand Sky on April 21, 2017. The company is a major provider of systems and technology to the U.S. Air Force, including the RQ-4 Global Hawk, a large autonomous aircraft system which is used at nearby Grand Forks Air Force Base. Northrop Grumman intends to use its Grand Sky facility primarily for research and development, aircrew and maintenance training, operations and mission analysis, along with aircraft maintenance. The facility is positioned in an anchor space along the alert pad at Grand Sky, which allows quick access to the Grand Forks Air Force Base runway for launch and recovery operations. Through Grand Sky, the company will also have ongoing access to, and assistance from, the Northern Plains UAS Test Site when needed, flight logistics support from InnoVets, collaborative opportunities with other UAS entities at the park and throughout North Dakota, and perhaps most importantly, ready access to a skilled workforce through the state's many UAS training programs.

The University of North Dakota houses an internationally renowned flight school and was the first university in the world to offer a UAS degree. Other higher education institutions in the area provide a variety of UAS-focused training programs, producing valuable workforce members for UAS industry. Veterans of nearby Grand Forks Air Force Base offer additional potential employees with specific expertise in unmanned aircraft.

In addition, General Atomics began construction of its \$2.5 million, 19,400 square foot academy that will train remotely piloted aircraft pilots.

The University of North Dakota is a vital part of the region's economy. It is home to North Dakota's only medical school, law school and one of the largest graduate schools between the Mississippi River and Seattle. It has been designated a Carnegie Doctoral Research Institution.

UND is also home to the John D. Odegard School of Aviation Sciences, a world-renowned center for aerospace learning, nationally acclaimed for achievements in collegiate aviation education, atmospheric research, space studies and computer science applications.

UND launched the first collegiate Unmanned Aircraft Systems program, it established a Center of Excellence for UAS Research. This center provides a conduit between private industry and UAS researchers, promoting commercialization of new UAS-related products and services while bringing new UAS-related business ventures to the region.

In May 2013, Northern Plains Nitrogen announced plans to construct a \$2 billion world scale nitrogen fertilizer production facility northwest of Grand Forks near the city's wastewater treatment plant and landfill. It would utilize supplies of natural gas from the western part of the state and provide a reliable supply of fertilizer, reducing the dependence on imported fertilizer, for growers in the North Central United States and the Canadian provinces of Manitoba and Saskatchewan. This project has continued to progress throughout 2016. NPN officials are working on the investment component of the project and remain cautiously optimistic. The Pre-Front End Engineering Design (FEED) is complete and all major project related property has been purchased. The Visual Exhaust Plume Aviation Analysis has been completed and

water supply and air quality permits have been approved. Construction is anticipated to take 36 months once it begins and once completed the plant is expected to employ about 153 full time employees.

Grand Forks serves as a 'Destination City' for the region with its prime location for retail shopping, entertainment, sporting events, as well as health and educational facilities. The City owned Alerus Event Center and the attached privately owned Canad Inn, with its 40,000 square foot indoor water park continue to draw visitors to the community for conventions, concerts, and other events. With the growth in the convention business many new hotels have opened nearby. The Alerus Center is home to the University of North Dakota football team.

The City is also home to the Ralph Engelstad Area, home to the University of North Dakota men's hockey team. The attached Betty Engelstad Sioux Center is home to UND's men's and women's basketball teams and the women's volleyball team. 'The Ralph', considered one of the finest hockey facilities in the world, also hosts many events in addition to college hockey and basketball such as youth athletic camps, concerts, tournaments and other private events.

Together the Alerus Center and the Ralph Engelstad Arena bring thousands of visitors to our city annually.

The City also has a thriving art community. The North Dakota Museum of Art is located on the campus of the University of North Dakota. The City is also home to the Chester Fritz Auditorium on the UND campus and the Empire Arts Center located in downtown Grand Forks. These multi-purpose arts facilities hosts a variety of theater productions, performing arts, films, concerts, speakers and community events throughout the year.

Altru Health Systems, the city's largest health care provider, has developed a formal affiliation with the world renowned Mayo Clinic. The affiliation means that Altru's patients have access to the highest level of clinical expertise available and benefit from enhanced access to Mayo physicians and clinical resources.

The City is growing in the area of logistics and manufacturing. The City's recently expanded business park is now home to Acme Tools of Grand Forks with a 42,000-square-foot warehouse and distribution center, and Fed Ex with a 120,000 square foot distribution center. Cirrus Aircraft, an aircraft manufacturer, continues to expand and LM Wind Power, which manufactures blades used to produce wind energy, now has over 1,000 employees. General Electric recently acquired LM Wind Power, which could provide greater opportunities for Grand Forks to expand its footprint in the energy sector.

The primary sector continues to show growth. Grand Forks is home to the State Mill and Elevator which recently completed a \$35 million expansion that increased capacity by 30%. The Mill has recorded record profits over the last few years. Minnkota Power Cooperative is in the process of a \$20 million expansion project. Philadelphia Macaroni, Steffes Manufacturing, PS Doors and the JR Simplot Co. have all recently completed expansions to their manufacturing operations in Grand Forks. Corporate headquarters continue to grow in the Grand Forks region as well.

There were a total of 304 housing units and 25 new commercial and public buildings constructed in 2016.

The City has experienced growth in valuation due to new construction and revaluation. Property taxes generated by new construction and valuation increases are estimated to be 8.37%, 5.78% for property revaluation and 2.59% for new construction for the 2017 budget year. Efforts continue to minimize property tax increases without detriment to service levels. Even with the downturn in the State's economy, the City Council was able to hold the mill levy steady at 99.08 mills for 2017 due to a growing tax base.

The City's bond rating was confirmed at Aa2 in October 2016.

Business Incentives and creating Economic Development

Tax abatement programs in the City of Grand Forks are contributing to the region's economic growth and are a vital tool to supporting job creation and new corporate capital investment. We are using these tools to strategically support primary sector employers who are, in turn, increasing the region's employment base and salaries. Primary sector companies are those whose major markets are located outside the City's immediate trade region. Their success results in infusion of new wealth into the local economy. The city's practice of providing tax abatements on a declining scale provides companies an opportunity to realize reduced costs of entry into the Grand Forks market and ease into fulfilling their tax obligations as their revenues increase. Beginning in the second year, these projects begin paying property taxes based on the declining schedule. The projects are fully taxable after the term of the abatement, which provides local government new resources to reinvest into strategic areas and enhance business attraction and quality of life amenities.

Major Initiatives

Strategic Infrastructure Planning:

The City of Grand Forks is seeing significant activity and interest in development across all land-use types (residential, commercial and industrial) spanning in all directions. The City must continue to plan and prioritize across all infrastructure service types to ensure we remain well positioned. Many of these areas require significant investment in trunk wastewater, stormwater and paving. Many also bring significant economic development opportunity and potential.

The Council has identified 3 Strategic Infrastructure Growth areas to focus on in a long-term planning process for infrastructure installation which will continue the growth of both new housing and commercial opportunities. These areas are the I-29 South which will expand on the southwest quadrant of the city, and the Highway 2 northwest quadrant of the City in the vicinity of the newly opened second Walmart and the heavy industrial area off of Gateway Drive near Philadelphia Macaroni and J. R. Simplot. Work has begun on several of these projects, with a portion of the projects being funded through the economic development portion of the 1% sales tax.

The City conducted an analysis of several other areas where infrastructure installation could be utilized to spur development. Those will be monitored on the horizon for future inclusion in CIP planning as the City continues to grow.

Water Treatment Plant:

The City is in the process of constructing a new regional water treatment plant which will have an initial capacity to treat up to 20 million gallons of water per day (mgd) as compared to the current treatment capacity of 16.5 mgd. This initial capacity is designed to serve the City and surrounding region with clean, potable water through 2040 demand projections. While the initial capacity is projected to last through 2040, the new plant will be designed for scalability and will accommodate expansion to continue serving the region for the next 100 years.

The City has secured State of North Dakota Municipal Rural & Industrial (MR&I) 50 percent cost-share for the design, construction and calibration of a new regional Water Treatment Plant to serve the City of Grand Forks, Grand Forks Air Force Base, Grand Forks Airport Authority and the region. The cost is estimated to be \$150 million. The 2013 ND State Legislature allocated \$5 million in the ND Water Commission Budget for the Plant. In 2015 the ND State Legislature allocated another \$30 million and another \$30 million was allocated during the 2017 Legislature. The City will seek a final allocation in 2019.

The local share is being funded through a low interest, 30 year State Revolving Fund Loan of \$66 million and through existing cash reserves. Construction began in 2017 and is scheduled to be completed in 2020.

Other Financial Information

The management continues to administer the financial policies established by the City Council in a prudent and effective manner. A continuation of this cooperative effort will assure the citizens a healthy future.

Accounting System and Reporting – During the year, the City’s accounting system is maintained primarily on a modified accrual basis to provide financial controls. Appropriations are encumbered for major purchase amounts prior to the release of purchase orders to vendors. This system provides budgetary control on all operating funds at a minimum cost. At year-end, journal entries are prepared by the finance department as a preparatory step for completion of the annual financial report. The auditor’s report on these financial statements accompanies the report following this letter.

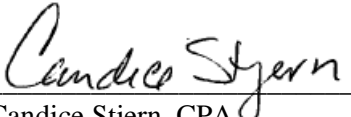
Certificate of Achievement – The Government Finance Officers Association of United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Forks for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. This was the 30th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administrative Services Department. We wish to express our appreciation to all the members of the department, especially Emily Fossen, Sherie Lundmark, Linda Kuntz, Renee Tack, Sandy Johnson, Mike Vatnsdal and Amy Lund who assisted and contributed to the preparation of this report. We also wish to express our appreciation to the Mayor and City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,


Candice Stjern, CPA
Assistant Director of Finance


Maureen Storstad, CPA
Director of Finance



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FOR NOTES



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Grand Forks
North Dakota**

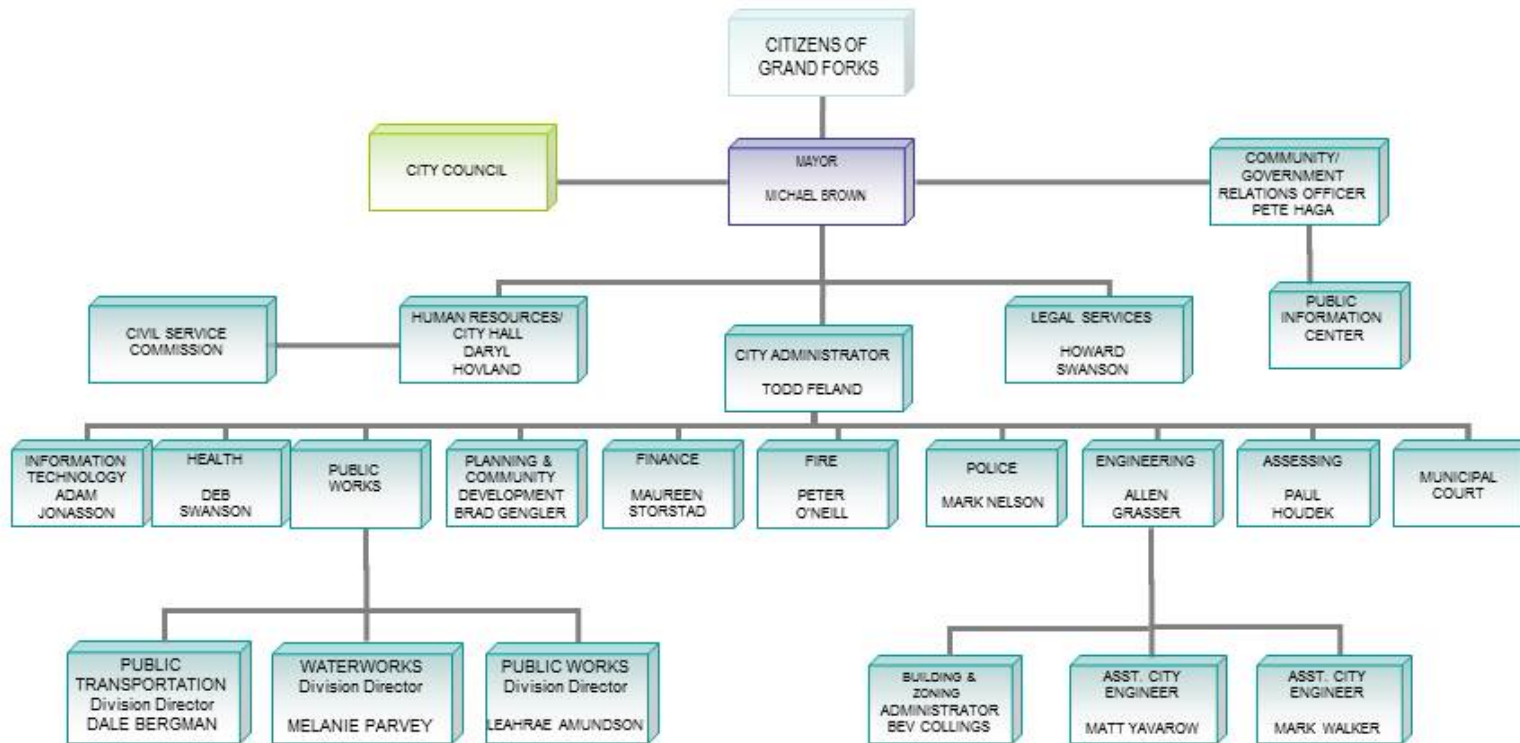
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



CITY OF GRAND FORKS ORGANIZATIONAL CHART



As of 09/19/2016

ELECTED OFFICIALS

	<u>Ward</u>	<u>Current Term Expires</u>
Michael R. Brown		June 2020
Danny Weigel	1	June 2020
Crystal Schneider	2	June 2018
Bret Weber	3	June 2020
Jeannie Mock	4	June 2018
Sandi Marshall	5	June 2020
Dana Sande	6	June 2018
Ken Vein	7	June 2020

APPOINTED OFFICIALS

Maureen Storstad	Director of Finance and Administrative Services
Candice Stjern	Assistant Director of Finance and Administrative Services



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FOR NOTES



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Grand Forks, North Dakota

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grand Forks, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grand Forks, North Dakota, as of December 31, 2016, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and additional required supplementary information as listed in the table of contents 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 City of Grand Forks, North Dakota's basic financial statements. The introductory section, combining and individual non-major fund financial statements, other schedules, listed in the table of contents as supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other schedules, listed in the table of contents as supplementary information, 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 combining and individual non-major fund financial statements and other schedules, listed in the table of contents as supplementary information, are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City Grand Forks North Dakota's basic financial statements for the year ended December 31, 2015, which are not presented with the accompanying financial statements. In our report dated June 8, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. In our opinion, the 2015 combining and individual non-major fund financial statements and other schedules, listed in the table of contents as supplementary information, are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2015, taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, on our consideration of the City of Grand Forks, North Dakota'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 the City of Grand Forks, North Dakota's internal control over financial reporting.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

June 9, 2017

**CITY OF GRAND FORKS, NORTH DAKOTA
MANAGEMENT DISCUSSION AND ANALYSIS**

As the management of the City of Grand Forks, we are pleased to offer readers of the City of Grand Forks financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. Please read it in conjunction with the additional information presented in the accompanying letter of transmittal, the City's basic financial statements, and the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$534.5 million (net position) at the end of the calendar year 2016. Of this amount, \$10.4 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$21.6 million. This increase is explained in subsequent sections of this analysis.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.1 million, a decrease of \$206,723 in comparison to the prior year. Of this total amount, approximately \$18.6 million, twenty seven percent (27%) is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8.5 million, or twenty three percent (23%) of total general fund expenditures of \$36.7 million.
- The City's total debt increased by \$11.6 million during 2016.
- The City was eligible to borrow up to \$15 million from the Bank of North Dakota at 2% for 30 years. The following loans were entered in to by the City and funds were drawn down as needed:
 - \$2,670,000 Sewer Reserve Revenue Loan for Lift Station #17 Improvements
 - Outstanding balance of \$309,152 as of 12/31/16
 - \$7,155,000 Special Assessment Loan for various infrastructure projects near the new Water Treatment Plant.
 - Outstanding balance of \$1,280,808 as of 12/31/16
 - \$5,175,000 Sewer and Economic Development Reserve Revenue Loan for 3 new lift stations and associated forcemains.
 - Outstanding balance of \$823,446 as of 12/31/16
- The City called \$1,410,000 of the Refunding Improvement Bonds, Series 2006C, on December 1, 2016.
- During the current year, the City issued:
 - \$3,535,000 of Sanitation Reserve Revenue Bonds, Series 2016B to finance the construction of Cell B at the City's landfill.
 - \$6,180,000 of Refunding Improvement Bonds, Series 2016A, to finance various improvement projects in the city.
 - \$2,735,000 of General Obligation Public Building Refunding Bonds, Series 2016C to refund the General Obligation Public Building Bonds, Series 2006B, and to advance refund General Obligation Public Building Bonds, Series 2007A, to achieve interest savings.
 - \$870,000 of Mosquito Control Reserve Revenue Refunding Bonds, Series 2016D to refund Mosquito Control Reserve Revenue Bonds, Series 2007B, also to achieve interest savings.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Grand Forks basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Grand Forks finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Grand Forks is improving or deteriorating. However, other non-financial factors need to be considered to assess the overall health of the City of Grand Forks.

The *Statement of Activities* presents information on how the City's net position changed during the most recent fiscal year. 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 this statement for some items that will only result in cash flows in future fiscal years.

Both of the government-wide financial statements distinguish functions of the City of Grand Forks that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Grand Forks include general government, public safety, health & welfare, highways and streets, culture and recreation, and public works. The business-type activities of the City include sanitation, water, wastewater, stormwater, mosquito control, public transit, Dial-A-Ride, Job Development Authority, downtown parking and operation and maintenance of the Alerus Center.

The government-wide financial statements also include financial information of the Grand Forks Regional Airport Authority as a component unit. The Mayor with the approval of the City Council appoints four of the seven members of the board and can impose its will if it chooses to do so. The Authority activities are discretely presented in a separate column in the government-wide financial statements.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements

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

All of the funds of the City of Grand Forks can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the city's near-term financing requirements. These funds are reported on the modified accrual basis of accounting.

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

The City of Grand Forks maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, the special assessment debt service fund, capital project street and infrastructure fund and current year projects capital project fund which are considered to be major funds. Data from the other governmental funds (non major special revenue funds, debt service funds, capital project funds) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements, which begin on page 87.

The City of Grand Forks adopts annual appropriated budgets for the general fund and the special revenue funds. A budgetary comparison statement has been provided for the general fund with the budget.

The basic governmental fund financial statements begin on page 24 of this report.

Proprietary Funds. The City of Grand Forks maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sanitation, Water, Wastewater, Stormwater, Job Development Authority and Alerus Center operations as major funds and its Public Transit, Dial-A-Ride, Downtown Parking and Mosquito Control operations as non-major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for goods and services provided by its Computer Service, Central Garage, Central Purchasing, and Public Works Facility funds. Because these internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail and additional information, such as cash flow statements. Internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements, which begin on page 132. Individual fund data for the non-major proprietary funds is provided in the form of combining statements, which begin on page 124.

The basic proprietary fund statements begin on page 28.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Grand Forks is a trustee for its employees' pension plan. The City also accounts for resources held in an agent capacity for other governments, individuals or private organizations, namely, Grand Forks Convention and Visitor's Bureau and Grand Forks Humane Society (Animal Control). The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The basic fiduciary fund financial statements begin on page 34.

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 37-84 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's share of net pension liabilities and pension contributions. Required supplementary information can be found on pages 85 and 86 of this report.

The combining statements in connection with non-major governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information on the pension. Combining and individual funds statements and schedules can be found on pages 87-161 of this report.

Government-wide Financial Analysis

The following two Tables present condensed information on the City's Net Position and changes in City's Net Position for the fiscal year ended December 31, 2016.

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Grand Forks, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$534,476,358 as of December 31, 2016.

City of Grand Forks Net Position*

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 122,500,274	\$ 119,047,835	\$ 67,236,488	\$ 61,949,134	\$ 189,736,762	\$ 180,996,969
Capital assets	206,574,359	203,075,262	355,415,203	342,089,667	561,989,562	545,164,929
Total assets	329,074,633	322,123,097	422,651,691	404,038,801	751,726,324	726,161,898
Total deferred outflows of resources	11,721,050	5,595,275	5,539,842	3,641,636	17,260,892	9,236,911
Long-term liabilities outstanding	121,679,522	112,044,946	103,469,391	101,521,068	225,148,913	213,566,014
Other liabilities	4,299,409	4,906,510	3,899,172	2,584,110	8,198,581	7,490,620
Total liabilities	125,978,931	116,951,456	107,368,563	104,105,178	233,347,494	221,056,634
Total deferred inflows of resources	901,245	1,122,571	262,119	328,341	1,163,364	1,450,912
Net position:						
Net investment in capital assets	130,152,880	126,665,238	271,954,306	258,560,451	402,107,186	385,225,689
Restricted	99,014,298	95,379,436	22,934,533	15,731,506	121,948,831	111,110,942
Unrestricted	(15,251,671)	(12,400,329)	25,672,012	28,954,961	10,420,341	16,554,632
Total net position	\$ 213,915,507	\$ 209,644,345	\$ 320,560,851	\$ 303,246,918	\$ 534,476,358	\$ 512,891,263

*Internal Service Funds' net position are included in this table.

City of Grand Forks' Net Position

By far the largest portion of the City's net position, seventy five percent (75%), reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, twenty three percent (23%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10.4 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities, with the exception of the unrestricted net position for the governmental activities. This balance is a negative \$15.3 million which is due to a net pension liability of \$39.7 million which reflects requirements of GASB Statement No. 68. There was a negative balance of \$12.4 million in the prior fiscal year, which was due to a prior period adjustment of \$20.8 million which resulted from the implementation of GASB Statement No. 68.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$4,271,162, accounting for 19.8% of the overall increase in the City's net position. Key elements of this increase in net position are as follows:

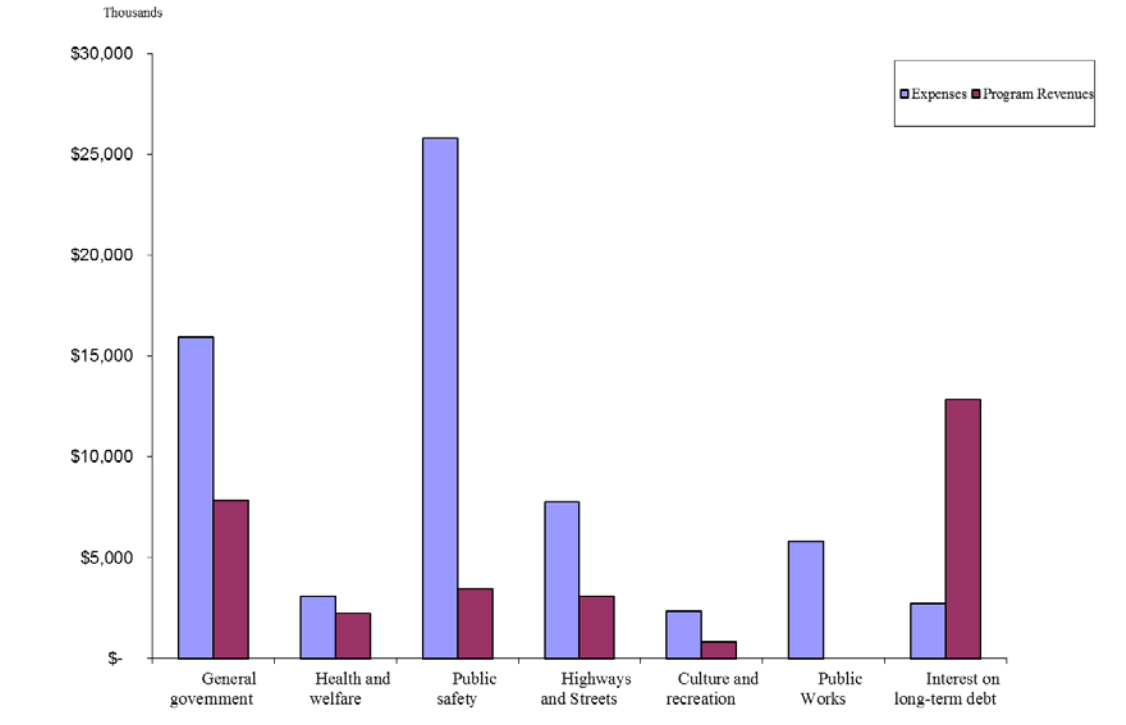
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 10,318,281	\$ 10,540,920	\$ 44,224,801	\$ 41,855,151	\$ 54,543,082	\$ 52,396,071
Operating grants and contributions	6,998,370	8,827,214	1,776,330	4,539,439	8,774,700	13,366,653
Capital grants and contributions	12,955,813	12,974,596	9,266,187	2,197,448	22,222,000	15,172,044
General Revenues:						
Property taxes	18,064,474	17,547,774	1,073,660	999,737	19,138,134	18,547,511
Sales taxes	11,386,164	11,807,520	8,916,161	9,227,105	20,302,325	21,034,625
State aid distribution	3,164,182	4,308,754			3,164,182	4,308,754
Other taxes	3,589,915	3,363,884	28,937	30,974	3,618,852	3,394,858
Miscellaneous	985,172	1,520,344	929,202	1,000,134	1,914,374	2,520,478
Total Revenues	67,462,371	70,891,006	66,215,278	59,849,988	133,677,649	130,740,994
Expenses:						
General Government	15,935,547	17,402,572			15,935,547	17,402,572
Health and Welfare	3,084,975	3,109,041			3,084,975	3,109,041
Public Safety	25,795,308	20,457,799			25,795,308	20,457,799
Highways and Streets	7,759,336	7,069,516			7,759,336	7,069,516
Culture and Recreation	2,348,159	2,250,772			2,348,159	2,250,772
Public Works	5,806,722	2,595,304			5,806,722	2,595,304
Interest on Long-term Debt	2,710,099	2,746,816			2,710,099	2,746,816
Sanitation			9,653,515	8,699,478	9,653,515	8,699,478
Wastewater			9,069,420	8,828,856	9,069,420	8,828,856
Waterworks			9,539,279	9,303,297	9,539,279	9,303,297
Stormwater			2,988,594	2,938,749	2,988,594	2,938,749
Mosquito Control			971,488	890,242	971,488	890,242
Public Transit			2,953,157	2,544,033	2,953,157	2,544,033
Dial-A-Ride			1,172,906	1,316,446	1,172,906	1,316,446
Alerus Center			9,493,992	10,624,525	9,493,992	10,624,525
Job Development Authority			2,373,012	2,120,933	2,373,012	2,120,933
Downtown Parking			437,045	435,199	437,045	435,199
Total Expenses	63,440,146	55,631,820	48,652,408	47,701,758	112,092,554	103,333,578
Increase in net position before transfers	4,022,225	15,259,186	17,562,870	12,148,230	21,585,095	27,407,416
Transfers	248,937	1,401,853	(248,937)	(1,401,853)	-	-
Increase (decrease) in net position	4,271,162	16,661,039	17,313,933	10,746,377	21,585,095	27,407,416
Net position - beginning	209,644,345	213,752,650	303,246,918	300,124,995	512,891,263	513,877,645
Prior Period Adjustment-GASB 68	-	(20,769,344)	-	(7,624,454)	-	(28,393,798)
Net position - beginning as restated	209,644,345	192,983,306	303,246,918	292,500,541	512,891,263	485,483,847
Net position - ending	<u>\$ 213,915,507</u>	<u>\$ 209,644,345</u>	<u>\$ 320,560,851</u>	<u>\$ 303,246,918</u>	<u>\$ 534,476,358</u>	<u>\$ 512,891,263</u>

- Local sales tax revenue decreased by \$421,356, a decrease of 3.6%, reflecting the slowdown in the State's economy largely due to lower oil and agriculture prices.
- Total governmental charges for services revenue decreased \$222,639 or 2.1%, largely a result of a lower building permit revenue in 2016.
- State aid which is based on sales tax in the State of North Dakota decreased by \$1,144,572 or 26.6% which is a result of the downturn in the State's economy, largely due to falling oil and agriculture prices.
- Operating grants and contributions were down \$1.8 million or 20.7%. Community Development Block Grants were down \$1.6 million due to a sale of land in 2015. This land was initially purchased with community development funds.
- Even with a decrease of 3.73 mills, revenue from property taxes increased by \$516,700, an increase of 2.9% during the year due to new construction and property revaluations.
- The miscellaneous revenue decreased by \$535,172. While interest income increased \$246,044, the gain on the disposal of capital assets decreased \$822,642.

Below are specific graphs which provide comparisons of governmental revenues and expenses:

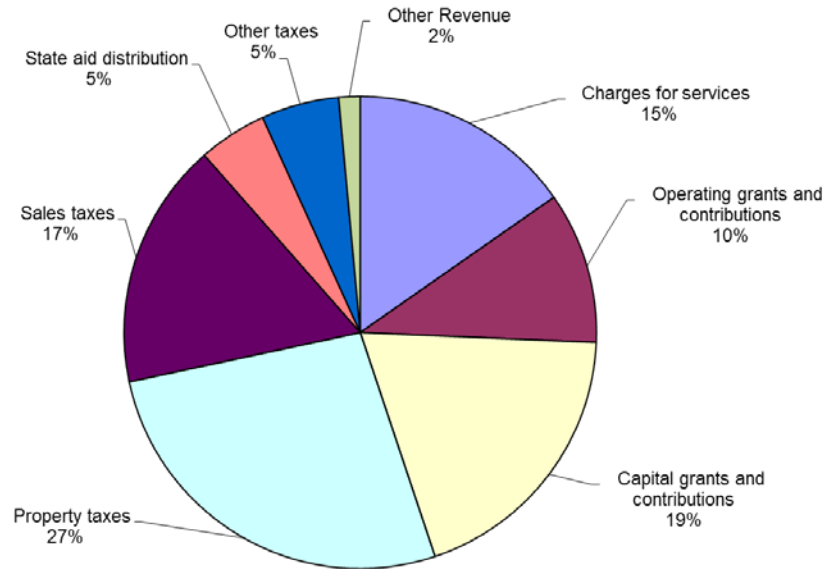
Expenses and Program Revenues – Governmental Activities



Total governmental expenses increased by \$7,808,326, or 14%, which is partially due to an increase of \$5.5 million in pension expense required by GASB Statement No. 68. The City also added 12 firefighters to staff the new fire station as well as 2 police officers, all in an effort to keep the community safe. A new fire truck was also purchased for the new fire station. There were also higher maintenance costs as well as other capital items.

This was offset in part by a decrease of \$1 million in community development spending from 2015 to 2016, which was due to spending the proceeds received in 2015 from the sale of land which was originally purchased with community development grant dollars. The majority of these funds were spent on upgrading the Senior Citizen Center Facility.

Revenues by Sources – Governmental Activities



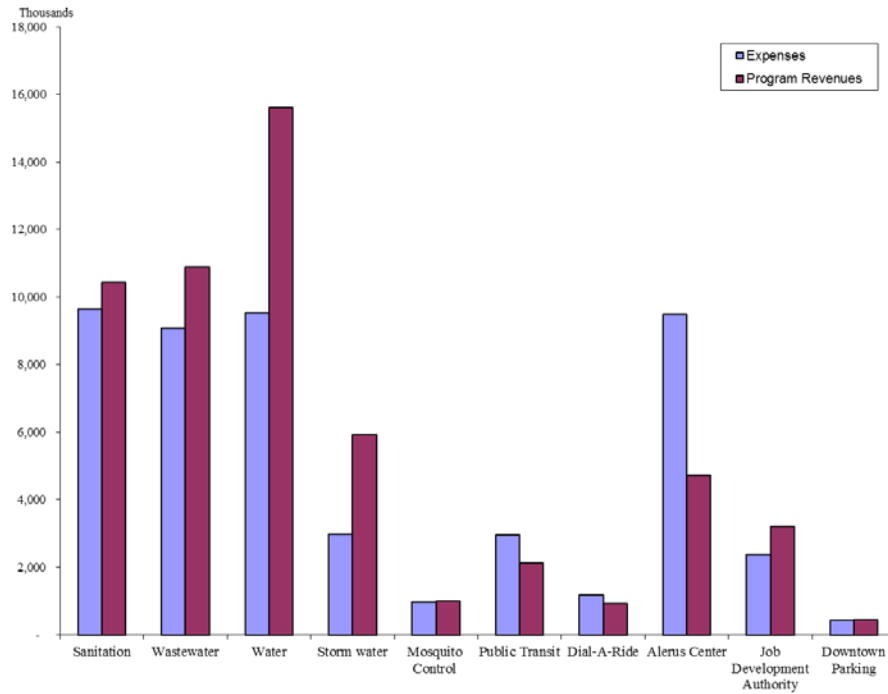
Business-type Activities. Business-type activities increased the City's net position by \$17,313,933, accounting for 80.2% of the increase in the City's net position. The Water, Wastewater, Sanitation and Stormwater Funds all had increases in charges for services due to an increase in customers, usage, and rate increases. State and Federal grants as well as capital contributions from developers and capitalized special assessments also contributed to this increase.

Key elements of this increase are as follows:

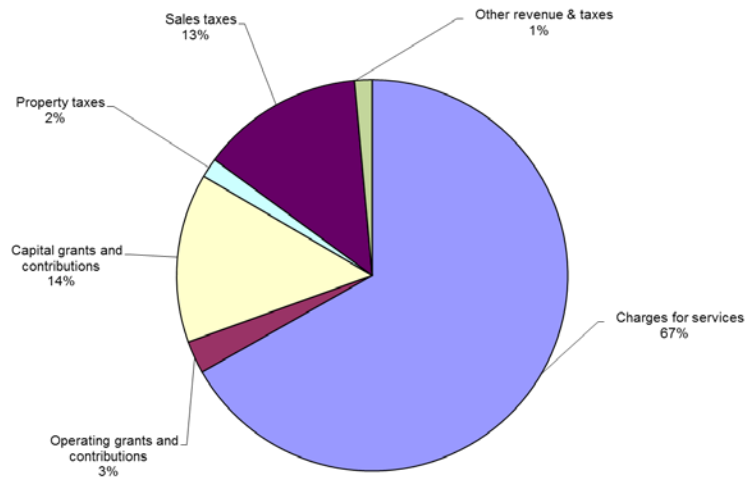
- Capital contributions made by developers for underground utilities and capitalized special assessment projects assessed to benefiting properties amounted to \$3.8 million.
- Charges for services increased by \$2.4 million, an increase of 5.7%. The increase is largely due to various utility rate increases and also growth. There was a 5% increase in water rates, a 2% increase in wastewater rates, sanitation rates stormwater and flood protection/greenway fees as well as a 10% increase in mosquito control fees.
- State and federal operating and capital grant revenue contributed \$4.3 million due to a State Water Commission Grant for planning, design and construction of a new water treatment plant, and \$1.9 million toward public transit and dial a ride programs and greenway enhancements.
- Sales tax revenue decreased by \$310,944, a decrease of 3.4%, from the previous year. This reflects the general downturn in the state economy resulting from lower oil and agriculture prices.

Below are specific graphs which provide comparisons of business-type activities revenues and expenses:

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



The business-type expenses increased \$950,650 or 2%, in 2016. This was mostly due to inflationary wage increases and maintenance costs. There was also a large increase in landfill closure costs with the addition of the new landfill cell.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Grand Forks governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of the end of current fiscal year, the City of Grand Forks' governmental funds reported combined ending fund balances of \$70,100,711, a decrease of \$206,723, in comparison with the prior year. Approximately 12.2% of this total amount, \$8,520,180, constitutes unassigned fund balance, which is available for spending at the government's discretion. \$2,821,898, or 4%, of this total represents assigned fund balance which has been designated by the Director of Finance or the City Administrator for certain purposes detailed in the table on page 68 of the notes to these financial statements. The remainder of the fund balance is not available for new spending because it has already been committed, restricted or is nonspendable. The committed fund balance is \$7,226,359, or 10.3% of the total and has been committed by the City Council for certain purposes detailed in the table on page 68 of the notes to these financial statements. \$28,901 is nonspendable consisting of inventories or advances. The remaining 73.5% or \$51,503,373 is restricted for various purposes including \$19,789,675 for debt service and \$31,713,698 for specific grants, tax related or bonded items or a variety of other purposes which are also detailed in the table on page 68 of the notes to these financial statements.

The general fund is the chief operating fund of the City of Grand Forks. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,520,180, with a total fund balance of \$14,066,260.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents twenty three percent (23%) of the total general fund expenditures, while total fund balance represents thirty eight percent (38%) of that same amount. The fund balance policy goal of 18% has been achieved for this fiscal year.

The fund balance of the City of Grand Forks' general fund decreased by \$22,766 during the current fiscal year. This included a planned spend down of \$465,036 of excess fund balance which was set aside in reserve to buffer the impact of hiring 12 new fire employees as we opened the new fire station.

Overall general fund revenue was down \$1,460,824, or 4%. The slowdown in economic activity in the State of North Dakota due to falling oil and agriculture prices resulted in a decrease in state aid of \$1,144,572. The City's economic climate remains fairly stable, however there was a decrease in city sales tax revenue of \$191,523 in the general fund.

License and permit revenue was down \$472,516 largely due to lower building permit revenue. Charges for services were up \$313,958 in conjunction with capital project levels of spending with an increased demand for infrastructure in new developments. Even with a mill levy cut of 3.73 mills, the general fund property tax revenue increased by \$240,796 due to new construction and property revaluations.

The special assessment debt service fund has a fund balance of \$15,726,620 all of which is restricted for debt service. This is an increase of \$130,970 from 2015. This is largely due to an increase in cash from the receipt of special assessment payments.

The current year projects capital project fund has a fund balance of \$1,797,587. This balance is restricted for various infrastructure projects that are being funded by refunding improvement bonds that will be paid through special assessments. This is a decrease of \$1,347,817 which is the result of a spend down of bond proceeds from the previous year.

The street and infrastructure capital project fund has a fund balance of \$16,053,985. This balance is restricted for various infrastructure projects that are being funded by highway users' taxes and sales and use tax proceeds dedicated to infrastructure. This represents a decrease of \$1,500,745 from lower highway users' tax revenue and spend down of fund balance on projects.

Proprietary Funds. The City of Grand Forks' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year amounted to \$25,809,308. All individual proprietary funds reported increases in net position, except for the Dial a Ride Fund which had a negative change in net position of \$53,722.

General Fund Budgetary Highlights

During the year there was an increase of \$1,053,736 in appropriations between the original and final amended budget. Following are the main components of the increase:

- A net decrease of \$514,486 in appropriation in general government for wage market adjustments, transfer of budgeted health and public safety wage market adjustments in general government to public health and public safety functions.
- \$89,663 appropriation in health and welfare for wage market adjustment and contracted personnel services.
- \$819,133 appropriation in public safety for wage market adjustment and a large increase in overtime and travel to send law enforcement personnel to assist at the Dakota Access Pipeline protest site in southwestern North Dakota. The State of North Dakota did reimburse the City for these expenses.
- \$78,151 appropriation in highways and streets to cover wage market adjustment.
- An increase of \$581,275 in appropriation for capital outlay for a fire truck and vehicles for the engineering, inspection and health departments.

Increases in appropriations were funded from unanticipated revenues and appropriated but unspent funds from prior years (departmental cash carryovers).

Capital Assets and Debt Administration

Capital Assets. The City of Grand Forks' investment in capital assets for its governmental and business type activities as of December 31, 2016, amounts to \$561,989,562 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work in progress, and infrastructure. The investment in capital assets in governmental funds increased by 1.72% and in business type activities increased by 3.9%, resulting in a total increase in the City's investment in capital assets for the current fiscal year compared to fiscal year 2015 of 6.25%.

Major capital asset events during the current fiscal year included the following:

- Work on sewer mains, storm-sewer mains, water mains, stormwater ponds, lift station rehab and replacement projects, and construction of underground utilities in newly developed areas of the City.
- Construction began on three new lift stations.
- Stormwater projects included storm sewer rehab and storm pond projects.
- Design work completed and bids were accepted on the new Water Treatment Plant with construction anticipated to start in early 2017.
- A variety of infrastructure projects including paving, street lighting and traffic signals were completed in 2016.
- A new cell was constructed at the landfill.
- Various energy efficiency projects in city buildings.

CAPITAL ASSETS

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 38,404,915	\$ 38,445,791	\$ 14,853,032	\$ 14,388,890	\$ 53,257,947	\$ 52,834,681
Building & Structures	30,964,584	30,934,152	153,750,210	154,578,737	184,714,794	185,512,889
Improvement other than buildings	53,067,678	54,142,461	154,709,780	151,022,929	207,777,458	205,165,390
Machinery and equipment	8,640,700	8,176,191	17,056,319	16,530,545	25,697,019	24,706,736
Infrastructure	68,364,663	64,475,197			68,364,663	64,475,197
Construction in Progress	1,343,446	847,303	15,045,862	5,568,566	16,389,308	6,415,869
Total	\$ 200,785,986	\$ 197,021,095	\$ 355,415,203	\$ 342,089,667	\$ 556,201,189	\$ 539,110,762
Internal Service Fund Capital Assets net of accumulated depreciation	\$ 5,788,373	\$ 6,054,167	\$ -	\$ -	\$ 5,788,373	\$ 6,054,167
	\$ 206,574,359	\$ 203,075,262	\$ 355,415,203	\$ 342,089,667	\$ 561,989,562	\$ 545,164,929

Additional information on the City of Grand Forks' capital assets can be found in note III.C on pages 55-57 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Grand Forks had total bonded and state revolving fund loan debt outstanding of \$161,255,341. Of this amount, \$8,483,130 comprises debt backed by the full faith and credit of the City and \$61,706,056 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remaining \$91,066,155 of this debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Other long-term liabilities total \$63,893,572 which will be funded through a variety of revenue sources.

CITY OF GRAND FORKS – OUTSTANDING DEBT

	Governmental Activities	Business-Type Activities	Total 12/31/2016	Total 12/31/2015
General Obligation Bonds	\$ 8,235,000		\$ 8,235,000	\$ 7,425,000
Unamortized Premium	270,436		270,436	37,463
Unamortized Discount	(22,306)		(22,306)	(30,318)
Special Assessment with GO commitment	60,280,808		60,280,808	59,426,000
Unamortized Premium	1,547,550		1,547,550	1,595,482
Unamortized Discount	(122,302)		(122,302)	(132,508)
Sales Tax Revenue	5,795,000	\$ 38,480,000	44,275,000	47,555,000
Unamortized Premium	420,667	5,891,669	6,312,336	6,857,142
Unamortized Discount		-	-	-
Revenue Bonds		26,342,597	26,342,597	23,430,000
Unamortized Premium		462,990	462,990	415,743
Unamortized Discount		(46,768)	(46,768)	(56,731)
NDBB-SRF Loans		13,720,000	13,720,000	16,930,000
Total Bonded & SRF Loan Debt	76,404,853	84,850,488	161,255,341	163,452,273
Notes	392,944	1,179,107	1,572,051	2,343,961
Landfill Closure/Postclosure		3,547,052	3,547,052	2,466,456
Capital Leases		813,556	813,556	-
Compensated Absences	5,127,993	1,405,446	6,533,439	6,316,302
Net Pension Liability Single Employer Plan	24,703,957	7,261,706	31,965,663	26,034,724
Net Pension Liability Cost Sharing Plan	14,969,657	4,412,036	19,381,693	12,892,267
Total Debt Outstanding	\$ 121,599,404	\$ 103,469,391	\$ 225,068,795	\$ 213,505,983
Internal Service Fund Long-term Compensated Absences	80,118	-	80,118	60,031
	\$ 121,679,522	\$ 103,469,391	\$ 225,148,913	\$ 213,566,014

The City's total debt increased by \$11,582,899 during the current fiscal year.

The City's total bonded and State Revolving Fund Loan debt decreased by \$2,196,932 during the current fiscal year.

The City's total debt increased by \$11,582,899 during the current fiscal year, a large part of this increase was due to the increase in the net pension liability of \$9,555,803.

During the current year the City issued \$6,180,000 in special assessment bonds to finance various improvement projects in the city limits and \$3,535,000 of Sanitation Reserve Revenue Bonds to finance the construction of Cell B at the City's landfill.

The City also issued \$2,735,000 of General Obligation Public Building Refunding Bonds to refund the General Obligation Public Building Bonds, Series 2006B, and to advance refund General Obligation Public Building Bonds, Series 2007A, to achieve interest savings and \$870,000 of Mosquito Control Reserve Revenue Refunding Bonds to refund Mosquito Control Reserve Revenue Bonds, Series 2007B, also to achieve interest savings.

In addition, the City called \$1,410,000 of the Refunding Improvement Bonds, Series 2006C, on December 1, 2016.

Also in 2016, the City was eligible to borrow up to \$15 million from the Bank of North Dakota at 2% for 30 years. The following loans were entered in to by the City:

- \$2,670,000 Sewer Reserve Revenue Loan for Lift Station #17 Improvements
 - Outstanding balance of \$309,152 as of 12/31/16
- \$7,155,000 Special Assessment Loan for various infrastructure projects near the new Water Treatment Plant.
 - Outstanding balance of \$1,280,808 as of 12/31/16

- \$5,175,000 Sewer and Economic Development Reserve Revenue Bonds for 3 new lift stations and associated forcemains.
 - Outstanding balance of \$823,446 as of 12/31/16

The City continues to use North Dakota State Revolving Loan funds to finance some of its water and wastewater projects.

In 2006, the Jobs Development Authority entered into loan agreements with Bremer Bank in the amount of \$6,500,000 for Cirrus Design Corporation. This loan agreement was for the expansion of Cirrus Design Corporation. The loan payments will be made by the JDA and collected through lease payments from Cirrus Design Corporation from 2006 to 2021. The total amount outstanding of this loan is \$1,179,107.

The City of Grand Forks' bonds continue to receive excellent ratings and interest rates. The following issues were sold during this fiscal year and received rating and interest rates as follows:

2016A Refunding Improvement Bonds	2.730%	Aa2
2016B Sanitation Reserve Revenue Bonds	1.567%	Aa2
2016C General Obligation Refunding Bonds	1.516%	Aa2
2016D Mosquito Control Reserve Revenue Refunding Bonds	1.566%	Aa2

State statutes limit the amount of general obligation debt a government entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Grand Forks is \$104,307,089, which is significantly in excess of the City's outstanding net general obligation debt of \$8,483,130 (Table 15A, page 185).

Additional information on the City of Grand Forks long-term debt can be found on pages 61-67 of this report.

Economic Factors and Next Year's Budget and Rates

Despite a slowing state economy, Grand Forks' economy continues to remain strong in the energy, agriculture, aviation, unmanned aircraft systems, border security, medicine, research and tourism sectors. The City's economy is feeling some impact of the slowing state economy but is still stable with a great potential for growth. Sales tax revenue was up 3.5% in 2015 and down 3.6% in 2016.

Falling oil prices that have impacted the state-wide economy have had a negative impact in the City's state aid revenue in 2016. The City's 2017 budget for the General Fund was adjusted to reflect the lower projected income stream from the state aid in the amount of \$1.4 million. The City is fortunate to see growth in its tax base which generates additional revenue that helps to offset the decline in state aid. The City of Grand Forks as well as Grand Forks County have tremendous growth possibilities with the opening of the Grand Sky business park at the Grand Forks Air Force Base.

The City has experienced a growth in valuation due to new construction and revaluation. The total taxable value of property increased 8.37%, 2.59% from new construction and 5.78% from revaluation. In 2016 the value of a mill is expected to increase from \$193,836 to \$210,059 per mill. The mill levy for the City of Grand Forks' 2017 budget remains unchanged at 99.08 mills

for 2016 and 2017. Property taxes generated by new construction and valuation increases are estimated to be 8.37% or \$1,610,126. This includes an increase to the City's General Fund of \$1,075,053. The Mayor, administration and City Council are making a consistent effort to reduce the burden of property taxes to the residents of the City of Grand Forks, while still producing a fiscally sound budget.

The City uses a long-term forecasting model of estimated revenues and anticipated expenditures to strategically prepare budgets that address not just normal changes within the operating budget but also integrate the impact of the City's future growth. The stable local economy combined with a strong commitment to fiscal discipline allows the City to maintain high quality services at affordable prices.

The total budget appropriation for 2017, which includes operating, capital and debt service expenditures, is \$210.8 million compared to \$164.6 million in 2016, an increase of 28%. The increase is largely due to the construction of the new \$150 million Water Treatment Plant which will be completed in 2020. Also, four police officers will be added in 2017 in conjunction with a COPS grant and there is an average wage increase of 3.44%.

The City continues to invest in infrastructure to keep retail vibrant and in partnerships throughout the region to create economic opportunities in the areas of aviation, energy, medicine, border security and other research and commercial sectors.

Capital projects increased substantially, the 2016 budget was \$53.6 million and the 2017 budget is \$105.5 million. The 2017 budget of \$105.5 million in capital improvement projects include \$64.8 million in utility infrastructure projects, \$6.1 million of facilities and buildings, \$31.4 million in streets and bikepath projects and \$3.2 million of equipment replacement. Some of the larger projects planned for 2017 include construction of the new water treatment plant and related infrastructure, various street reconstruction projects, new infrastructure in growing areas of town, various utility infrastructure projects including 3 new sanitary lift stations and a major rehab of a lift station.

The recommended rate increases for the 2017 budget for Utility service charges are 9% for water, 4.0% for sanitation and no rate increase for wastewater, stormwater, flood protection/greenway or mosquito fees. User fees and charges are established to promote efficiency by shifting payment of costs to specific users of services and avoiding general taxation.

The City's 2.2 percent unemployment rate was much lower than the national unemployment rate of 4.9 percent for 2016.

There were a total of 304 housing units and 25 new commercial and public buildings constructed in 2016.

Request for Information

This financial report is designed to provide a general overview of the City of Grand Forks finances and to demonstrate the City's accountability for the money it receives to the citizens of Grand Forks. If you have any questions concerning any of the information provided in this report or need further information, contact the City of Grand Forks Office of Finance and Administrative Services, 255 North 4th St. P.O. Box 5200, Grand Forks, North Dakota 58206-5200.



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FOR NOTES

CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	GF Regional Airport Authority
ASSETS				
Cash and cash equivalents	\$ 17,301,930	\$ 12,408,761	\$ 29,710,691	\$ 10,458,333
Investments	49,892,985	9,000,000	58,892,985	65,208
Receivables				
Accounts	1,225,666	4,651,763	5,877,429	280,640
Property taxes	241,068	15,534	256,602	181,719
Capital lease receivable		4,846,466	4,846,466	
Special assessments	820,895	474,704	1,295,599	
Uncertified special assessments	47,018,990		47,018,990	
Sales tax	849,484	661,749	1,511,233	
Notes receivable	2,051,540	3,254,515	5,306,055	
Due from other governments	2,189,341	3,968,222	6,157,563	1,381,561
Internal balances	759,328	(759,328)	-	
Inventories	126,226	412,889	539,115	33,802
Prepays	22,821	253,738	276,559	159,889
Other Assets		100,000	100,000	
Restricted assets:				
Cash and cash equivalents		9,158,270	9,158,270	796,000
Investments		18,748,136	18,748,136	
Accounts receivable		41,069	41,069	
Capital assets (net of accumulated depreciation):				
Land	38,684,975	14,853,032	53,538,007	1,746,081
Buildings and structures	35,728,882	153,750,211	189,479,093	21,143,544
Improvements other than buildings	53,349,763	154,709,781	208,059,544	25,170,958
Machinery and Equipment	9,098,826	17,056,317	26,155,143	2,211,202
Infrastructure	68,364,663	-	68,364,663	
Construction-in-progress	1,347,250	15,045,862	16,393,112	1,415,782
Total assets	<u>329,074,633</u>	<u>422,651,691</u>	<u>751,726,324</u>	<u>65,044,719</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	376,318	1,994,211	2,370,529	
Deferred Pension Single Employer Plan	6,216,088	1,842,051	8,058,139	
Deferred Pension NDPERS	5,128,644	1,703,580	6,832,224	
Total deferred outflows of resources	<u>11,721,050</u>	<u>5,539,842</u>	<u>17,260,892</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,331,414	2,613,819	3,945,233	187,231
Contracts payable	423,882		423,882	641,194
Customer deposit payable	92,593	23,488	116,081	
Accrued interest payable	293,396	439,566	732,962	19,380
Unearned revenue	2,158,124	669,641	2,827,765	
Retainage payable		152,658	152,658	
Noncurrent liabilities:				
Due within one year	8,760,944	8,486,872	17,247,816	361,036
Net pension liability	39,673,614	11,673,742	51,347,356	
Due in more than one year	73,244,964	83,308,777	156,553,741	5,092,557
Total liabilities	<u>125,978,931</u>	<u>107,368,563</u>	<u>233,347,494</u>	<u>6,301,398</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension NDPERS	901,245	262,119	1,163,364	
Total deferred inflows of resources	<u>901,245</u>	<u>262,119</u>	<u>1,163,364</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	130,152,880	271,954,306	402,107,186	45,613,816
Restricted for:				
Debt Service	67,711,816	19,334,363	87,046,179	796,000
Infrastructure and Capital Projects	20,515,452	3,593,988	24,109,440	
Library	1,281,637		1,281,637	
Economic Development	5,571,783		5,571,783	
Community Development	1,485,390		1,485,390	
Emergency	1,254,495		1,254,495	
Public Buildings	631,441		631,441	
Other purposes	562,284	6,182	568,466	
Unrestricted	(15,251,671)	25,672,012	10,420,341	12,333,505
Total net position	<u>\$ 213,915,507</u>	<u>\$ 320,560,851</u>	<u>\$ 534,476,358</u>	<u>\$ 58,743,321</u>

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

**CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Regional Airport Authority
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 15,935,547	\$ 7,407,230	\$ 435,860		\$ (8,092,457)		\$ (8,092,457)	
Health and welfare	3,084,975	772,966	1,455,418		(856,591)		(856,591)	
Public safety	25,795,308	2,088,737	1,239,178	\$ 131,614	(22,335,779)		(22,335,779)	
Highways and Streets	7,759,336		3,101,680		(4,657,656)		(4,657,656)	
Culture and recreation	2,348,159	49,348	766,234		(1,532,577)		(1,532,577)	
Public Works	5,806,722				(5,806,722)		(5,806,722)	
Interest on long-term debt	2,710,099			12,824,199	10,114,100		10,114,100	
Total governmental activities	<u>63,440,146</u>	<u>10,318,281</u>	<u>6,998,370</u>	<u>12,955,813</u>	<u>(33,167,682)</u>		<u>(33,167,682)</u>	
Business-type activities:								
Sanitation	9,653,515	10,438,353				\$ 784,838	784,838	
Wastewater	9,069,420	9,791,487		1,093,149		1,815,216	1,815,216	
Waterworks	9,539,279	10,798,473		4,817,375		6,076,569	6,076,569	
Stormwater	2,988,594	3,132,765		2,775,029		2,919,200	2,919,200	
Mosquito Control	971,488	985,032	3,500			17,044	17,044	
Public Transit	2,953,157	574,409	1,085,533	471,073		(822,142)	(822,142)	
Dial-A-Ride	1,172,906	145,951	687,297	93,551		(246,107)	(246,107)	
Alerus Center	9,493,992	4,708,955		16,010		(4,769,027)	(4,769,027)	
Job Development Authority	2,373,012	3,210,665				837,653	837,653	
Downtown Parking	437,045	438,711				1,666	1,666	
Total business-type activities	<u>48,652,408</u>	<u>44,224,801</u>	<u>1,776,330</u>	<u>9,266,187</u>	<u>-</u>	<u>6,614,910</u>	<u>6,614,910</u>	
Total primary government	<u>\$ 112,092,554</u>	<u>\$ 54,543,082</u>	<u>\$ 8,774,700</u>	<u>\$ 22,222,000</u>	<u>\$ (33,167,682)</u>	<u>\$ 6,614,910</u>	<u>\$ (26,552,772)</u>	
Component units:								
Regional Airport Authority	\$ 7,644,490	\$ 4,564,710	\$ -	\$ 2,034,959				\$ (1,044,821)
Total component units	<u>\$ 7,644,490</u>	<u>\$ 4,564,710</u>	<u>\$ -</u>	<u>\$ 2,034,959</u>				<u>\$ (1,044,821)</u>
General revenues:								
Property taxes levied for general purpose					\$ 17,060,279	\$ 1,073,660	\$ 18,133,939	\$ 1,100,112
Property taxes levied for debt service					1,004,195	-	1,004,195	
Sales taxes					11,386,164	8,916,161	20,302,325	
Unrestricted state aid distribution					3,164,182	-	3,164,182	
Franchise taxes					2,452,984	-	2,452,984	
Other taxes					1,136,931	28,937	1,165,868	
Unrestricted investment earnings					701,848	884,722	1,586,570	31,554
Gain on sale of capital assets					35,666	24,721	60,387	
Miscellaneous					247,658	19,759	267,417	2,776,176
Transfers					248,937	(248,937)	-	
Total general revenue and transfers					<u>37,438,844</u>	<u>10,699,023</u>	<u>48,137,867</u>	<u>3,907,842</u>
Change in net position					4,271,162	17,313,933	21,585,095	2,863,021
Net position - beginning					<u>209,644,345</u>	<u>303,246,918</u>	<u>512,891,263</u>	<u>55,880,300</u>
Net position - ending					<u>\$ 213,915,507</u>	<u>\$ 320,560,851</u>	<u>\$ 534,476,358</u>	<u>\$ 58,743,321</u>

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

CITY OF GRAND FORKS, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015

	General Fund	Debt Service Special Assessment Bonds	Capital Project Current Year Projects	Capital Project Street and Infrastructure Fund	Non-Major Governmental Funds	2016 Total Governmental Funds	2015 Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,033,380	\$ 1,226,619	\$ 2,130,372	\$ 1,663,899	\$ 10,090,612	\$ 17,144,882	\$ 12,636,123
Investments	10,000,000	14,500,000	-	14,000,000	11,392,985	49,892,985	54,835,987
Receivables, net:							
Accounts	1,143,900				81,265	1,225,165	956,803
Special assessments (including liens)	163,589	598,269			59,037	820,895	584,235
Special assessments-uncertified		45,146,861			1,872,129	47,018,990	43,160,447
Property taxes	180,512				60,556	241,068	204,769
Sales tax	385,048			304,971	159,465	849,484	856,695
Notes					2,051,540	2,051,540	2,318,559
Intergovernmental	1,211,988			347,753	629,600	2,189,341	2,564,996
Prepaid Items	19,976					19,976	-
Due from other funds	90,000				899,985	989,985	964,174
Advances to other funds	28,901				-	28,901	28,901
Total assets	\$ 15,257,294	\$ 61,471,749	\$ 2,130,372	\$ 16,316,623	\$ 27,297,174	\$ 122,473,212	\$ 119,111,689
LIABILITIES							
Accounts payable	\$ 780,210	\$ -	\$ 62,578	\$ 108,963	\$ 373,158	\$ 1,324,909	\$ 1,123,397
Contracts payable			270,207	153,675		423,882	745,313
Surety deposits	92,593					92,593	94,539
Due to other funds					90,000	90,000	49,000
Advance from other funds					238,154	238,154	270,523
Unearned income					2,158,124	2,158,124	2,617,780
Total liabilities	872,803	-	332,785	262,638	2,859,436	4,327,662	4,900,552
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	154,642				50,313	204,955	159,022
Unavailable revenue-special assessments	163,589	45,745,129			1,931,166	47,839,884	43,744,681
Total deferred inflows of resources	318,231	45,745,129	-	-	1,981,479	48,044,839	43,903,703
FUND BALANCES							
Non-spendable:	28,901					28,901	28,901
Restricted		15,726,620	1,797,587	16,053,985	17,925,181	51,503,373	51,925,748
Committed	2,695,281				4,531,078	7,226,359	7,138,255
Assigned	2,821,898					2,821,898	3,009,864
Unassigned	8,520,180					8,520,180	8,204,666
TOTAL FUND BALANCE	14,066,260	15,726,620	1,797,587	16,053,985	22,456,259	70,100,711	70,307,434
Total liabilities, deferred inflows of resources and fund balance	\$ 15,257,294	\$ 61,471,749	\$ 2,130,372	\$ 16,316,623	\$ 27,297,174	\$ 122,473,212	\$ 119,111,689

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

CITY OF GRAND FORKS, NORTH DAKOTA
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 December 31, 2016

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

Total Fund Balance - Governmental Funds	\$	70,100,711
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Capital Assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements:

Land	\$	38,404,915	
Construction in progress		1,343,446	
Infrastructure net of depreciation		68,364,663	
Buildings net of depreciation		30,964,584	
Machinery & Equipment net of depreciation		8,640,701	
Improvement Other Than Buildings net of depreciation		53,067,677	
		200,785,986	200,785,986

Liabilities that are not due and payable in the current period and therefore not reported in the governmental funds:

Bonds Payable	\$	74,310,808	
Deferred Amount on Refunding		(376,318)	
Notes Payable		392,944	
Compensated Absences		5,127,993	
Net Pension Liability - Single Employer Plan		24,703,957	
Net Pension Liability - Cost Sharing Plan		14,969,657	
Accrued Interest Payable		293,396	
		119,422,437	(119,422,437)

Unamortized Discount/Premium			(2,094,045)
------------------------------	--	--	-------------

Net deferred outflows/(inflows) of resources relating to the single employer and cost sharing defined benefit pension plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.

Deferred Outflows of Resources - Single Employer Plan			6,216,088
Deferred Outflows of Resources - Cost Sharing Plan			5,128,644
Deferred (Inflows) of Resources - Cost Sharing Plan			(901,245)

Tax revenues in the governmental funds were not recorded (unavailable) because they were not collected within 60 days after year end. The accrual basis recognizes these revenues as earned.

48,044,838

Assets or liabilities of internal service funds that primarily serve governmental funds:

6,056,967

Net Position of Governmental Activities	\$	213,915,507
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The notes to the financial statements are an integral part of this statement.

CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015

	General Fund	Debt Service Special Assessments Bonds	Capital Project Current Year Projects	Capital Project Street and Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds 2016	Total Governmental Funds 2015
REVENUES							
Taxes:							
Property	\$ 13,885,241				\$ 4,179,233	\$ 18,064,474	\$ 17,547,774
Sales	5,175,457			\$ 4,067,336	2,143,371	11,386,164	11,807,520
Licenses and permits	1,737,903					1,737,903	2,210,419
Intergovernmental	4,189,017			3,601,680	3,581,850	11,372,547	14,302,703
Charges for services	6,480,071				1,339,708	7,819,779	7,353,742
Special assessments		\$ 8,387,380			295,683	8,683,063	8,593,147
Fines and forfeits	835,317				36,260	871,577	905,661
Investment earnings	139,684	186,204	\$ 16,777	165,716	192,359	700,740	454,947
Miscellaneous	2,598,317				49,899	2,648,216	2,677,885
Total revenues	35,041,007	8,573,584	16,777	7,834,732	11,818,363	63,284,463	65,853,798
EXPENDITURES							
Current:							
General government	11,059,691				3,671,032	14,730,723	16,118,958
Health & welfare	1,971,668				1,049,333	3,021,001	3,065,005
Public safety	18,440,315				2,880,671	21,320,986	19,274,148
Highway & streets	3,878,267			539,118	-	4,417,385	4,089,751
Culture and recreation					2,327,625	2,327,625	2,226,502
Debt service:							
Principal		6,606,000			2,944,174	9,550,174	8,320,285
Interest and fiscal charges		2,005,434			621,670	2,627,104	2,660,349
Bond issuance costs		94,290			59,748	154,038	126,626
Contractual services		8,955				8,955	20,577
Capital outlay:							
General government	158,027				941,494	1,099,521	
Health & welfare	33,926				14,357	48,283	
Culture and recreation					284,491	284,491	
Public safety	782,416				716,196	1,498,612	2,881,162
Public works	370,911		9,816,115	2,295,381	29,943	12,512,350	16,667,421
Total expenditures	36,695,221	8,714,679	9,816,115	2,834,499	15,540,734	73,601,248	75,450,784
Excess (deficiency) of revenues over (under) expenditures	(1,654,214)	(141,095)	(9,799,338)	5,000,233	(3,722,371)	(10,316,785)	(9,596,986)
OTHER FINANCING SOURCES (USES)							
Transfers in	2,797,157	997,427	1,586,284	53,547	7,191,273	12,625,688	29,476,505
Transfers out	(1,490,086)	(725,362)	(662,661)	(6,554,525)	(3,096,445)	(12,529,079)	(29,447,684)
Issuance of refunding bonds			6,180,000		2,735,000	8,915,000	7,250,000
Issuance of bonds			1,280,808			1,280,808	
Redemption of refunded bonds					(860,000)	(860,000)	
Bond (discount) premium			67,090		241,131	308,221	249,322
Sale of capital assets	324,377			-	45,047	369,424	2,252,851
Total other financing sources and uses	1,631,448	272,065	8,451,521	(6,500,978)	6,256,006	10,110,062	9,780,994
Net change in fund balances	(22,766)	130,970	(1,347,817)	(1,500,745)	2,533,635	(206,723)	184,008
Fund balances - beginning	14,089,026	15,595,650	3,145,404	17,554,730	19,922,624	70,307,434	70,123,426
Fund balances - ending	\$ 14,066,260	\$ 15,726,620	\$ 1,797,587	\$ 16,053,985	\$ 22,456,259	\$ 70,100,711	\$ 70,307,434

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

CITY OF GRAND FORKS, NORTH DAKOTA
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities (page 21) are different because:

Net change in fund balances - total governmental funds (page 24) \$ (206,723)

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over the estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 10,869,642	
Depreciation expense - current year	<u>(6,770,993)</u>	
	4,098,649	4,098,649

Gross proceeds from the sale of capital assets is reported as revenue in the governmental fund. However, in the statement of activities only the gain or loss on the sale transaction is reported (369,424)

Gain (Loss) on disposition of capital assets 35,666

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:

Special Assessment Refunding Bonds	\$ (7,460,808)	
General Obligation Refunding Bonds	(2,735,000)	
Bonds discount and premium amortization	(308,221)	

Repayments:

Bond Principal	10,410,174	
Bond deferred charges amortization	(112,704)	
Bonds discount and premium amortization	<u>195,105</u>	
Net Adjustment	(11,454)	(11,454)

Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:

Change in accrued interest payable		(2,403)
Change in compensated absences		(159,936)
Change in net pension obligation		(9,555,803)

Changes in Deferred outflows and inflows of resources related to the net pension liability

Change in Deferred Outflow of Resources - Single Employer Plan		3,025,591
Change in Deferred Outflow of Resources - Cost Sharing Plan		3,212,889
Change in Deferred Inflow of Resources - Cost Sharing Plan		221,326

Change in revenue accruals - the purpose of this adjustment is to recognize the net change in unavailable revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed 'available' to finance the expenditures of the current period. In accrual basis recognition is not limited by availability. This adjustment records a net change in unavailable revenues

Unavailable revenue December 31, 2016	\$ 48,044,838	
Unavailable revenue December 31, 2015	<u>(43,903,703)</u>	
Net change	4,141,135	4,141,135

Internal service funds are used by the City to charge the cost of the Central Garage, Public Works Facility, Central Purchasing and Information Systems. the net revenue of internal service funds is reported with governmental activities. (158,351)

Change in net position of governmental activities (Exhibit 2) \$ 4,271,162

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

CITY OF GRAND FORKS, NORTH DAKOTA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND

Year Ended December 31, 2016

With Comparative Actual Totals for Year Ended December 31, 2015

	Original Budget	Final Budget As Amended	2016 Actual Amounts	Variance with Final Budget Positive (Negative)	2015 Actual Amounts
REVENUES					
Taxes:					
Property	\$ 14,432,203	\$ 14,432,203	\$ 13,885,241	\$ (546,962)	\$ 13,644,445
Sales	5,187,160	5,187,160	5,175,457	(11,703)	5,366,980
Licenses and permits	1,946,020	1,946,020	1,737,903	(208,117)	2,210,419
Intergovernmental	5,857,432	5,857,432	4,189,017	(1,668,415)	5,415,362
Charges for services	6,118,035	6,474,902	6,480,071	5,169	6,166,113
Fines and forfeits	860,000	860,000	835,317	(24,683)	904,072
Interest	117,976	117,976	139,684	21,708	199,680
Miscellaneous	2,386,346	2,475,940	2,598,317	122,377	2,594,760
Total Revenues	36,905,172	37,351,633	35,041,007	(2,310,626)	36,501,831
EXPENDITURES					
Current:					
General Government:					
Assessor	823,574	827,093	778,590	48,503	795,171
Attorney	269,286	269,278	284,918	(15,640)	276,196
Finance and Administrative Services	1,263,716	1,320,108	1,284,302	35,806	1,219,047
Planning & Zoning	391,245	402,900	353,984	48,916	340,498
City Hall	362,942	368,347	344,341	24,006	349,749
Information Services	959,672	1,048,945	1,015,288	33,657	974,090
Engineering	2,413,394	2,492,407	2,260,523	231,884	2,233,765
Inspections	1,258,534	1,295,041	1,196,208	98,833	1,245,283
Mayor and Council	415,834	420,954	404,043	16,911	441,940
City Administrator	302,527	310,132	290,852	19,280	305,554
Public Information Center	226,475	231,925	230,494	1,431	219,083
Miscellaneous	2,760,236	1,903,755	1,758,009	145,746	2,041,102
Human Resources	822,298	864,362	858,139	6,223	868,937
Total General Government	12,269,733	11,755,247	11,059,691	695,556	11,310,415
Health and Welfare:					
Health	2,011,041	2,100,704	1,971,668	129,036	1,928,099
Total Health and Welfare	2,011,041	2,100,704	1,971,668	129,036	1,928,099

Continued

CITY OF GRAND FORKS, NORTH DAKOTA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND

Year Ended December 31, 2016

With Comparative Actual Totals for Year Ended December 31, 2015

	Original Budget	Final Budget As Amended	2016 Actual Amounts	Variance with Final Budget Positive (Negative)	2015 Actual Amounts
Public Safety:					
Fire	\$ 7,676,432	\$ 7,792,511	\$ 7,524,756	\$ 267,755	\$ 6,484,579
Municipal Court	675,769	688,733	682,297	6,436	630,694
Police	9,437,236	10,059,565	9,789,293	270,272	8,946,845
Training & Evidence Facility	18,558	26,558	18,815	7,743	41,671
Police Building	321,521	349,068	293,062	56,006	320,183
Public Safety Training Center	78,452	98,993	76,997	21,996	82,837
Emergency Program Management	48,479	60,152	55,095	5,057	21,877
Total Public Safety	18,256,447	19,075,580	18,440,315	635,265	16,528,686
Highways and Streets:					
Street	4,140,728	4,218,879	3,878,267	340,612	3,552,778
Total Highway and Streets	4,140,728	4,218,879	3,878,267	340,612	3,552,778
Capital Outlay	797,885	1,379,160	1,345,280	33,880	1,113,824
Total Expenditures	37,475,834	38,529,570	36,695,221	1,834,349	34,433,802
Excess (Deficiency) of Revenues Over Expenditures	(570,662)	(1,177,937)	(1,654,214)	(476,277)	2,068,029
OTHER FINANCING SOURCES (USES)					
Sale of property			324,377	324,377	2,976
Transfers in	1,196,207	2,503,407	2,797,157	293,750	1,747,614
Transfers out	(1,262,481)	(1,488,224)	(1,490,086)	(1,862)	(3,500,952)
Total Other Financing Sources (Uses)	(66,274)	1,015,183	1,631,448	616,265	(1,750,362)
Net Change in Fund Balance	(636,936)	(162,754)	(22,766)	139,988	317,667
Fund Balances - Beginning	14,089,026	14,089,026	14,089,026		13,771,359
Fund Balances - Ending	\$ 13,452,090	\$ 13,926,272	\$ 14,066,260	\$ 139,988	\$ 14,089,026

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

CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

	Sanitation Fund	Wastewater Fund	Storm Water Fund	Water Fund	Alerus Center	Job Development Authority	Non Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 4,454,789	\$ 1,470,159	\$ 556,165	\$ 2,440,325	\$ 895,474	\$ 1,108,416	\$ 1,483,433	\$ 12,408,761	\$ 157,048
Investments						9,000,000		9,000,000	
Restricted cash, cash equivalents, and investments:									
Customer deposits			1,000	21,000			1,488	23,488	
Construction account	1,113,041	738,009	1,231,120	1,078,466			50,380	4,211,016	
Concert fund					1,922,211			1,922,211	
Trust acct.-advance ticket sales/suite rev.					424,812			424,812	
Revenue bond current debt service acct.	337,743	1,173,466	138,193	905,199	10,597,709		22,142	13,174,452	
Receivables (net of allowances for uncoll.):									
Accounts	973,795	1,184,386	717,351	785,706	470,594	226,607	293,324	4,651,763	501
Capital Lease Receivable						606,141		606,141	
Notes Receivable						689,041		689,041	
Taxes - property							15,534	15,534	
Taxes - sales					661,749			661,749	
Special assessments		16,356	239,111		219,237			474,704	
Due from other funds								-	
Advances to other funds				584,616				584,616	
Intergovernmental:									
Federal government							1,349,098	1,349,098	
State of North Dakota			208,941	2,353,086			57,097	2,619,124	
Restricted receivables:									
Accounts Receivable					41,069			41,069	
Inventories				236,460	84,882		91,548	412,890	126,226
Prepaid items	1,625	27,380	15,859	81,098	30,855	21,846	75,075	253,738	2,845
Total current assets	6,880,993	4,609,756	3,107,740	8,485,956	15,348,592	11,652,051	3,439,119	53,524,207	286,620
Noncurrent Assets:									
Restricted cash, cash equivalents, and investments:									
Revenue bond reserve account	1,205,000	3,093,364	504,949	1,709,164			87,000	6,599,477	
Reserved for Landfill Closure	1,550,950							1,550,950	
Total restricted cash, cash equivalents, and investments	2,755,950	3,093,364	504,949	1,709,164			87,000	8,150,427	
Receivables (net of allowances for uncoll.):									
Notes receivable						2,565,474		2,565,474	
Capital lease receivable						4,240,325		4,240,325	
Other Assets						100,000		100,000	
Total noncurrent receivables						6,905,799		6,905,799	
Capital Assets:									
Land	1,831,896	253,751	991,518	735,883	5,956,441	4,722,717	360,826	14,853,032	280,060
Buildings	5,317,428	73,798,164	5,854,936	43,356,266	86,031,243	15,874,800	4,030,618	234,263,455	7,974,821
Improvements other than buildings	19,927,816	94,313,245	57,214,522	74,389,417	1,423,386	1,374,906	3,847,327	252,490,619	420,500
Machinery and equipment	15,145,876	2,728,098	937,247	6,383,404	10,895,448	47,100	6,407,737	42,544,910	1,858,934
Construction in progress		1,274,451	585,379	12,988,760	197,272			15,045,862	3,804
Less accumulated depreciation	(18,659,238)	(71,998,880)	(16,923,787)	(50,265,753)	(33,078,112)	(6,055,982)	(6,800,923)	(203,782,675)	(4,749,746)
Total Capital Assets (net of accumulated depreciation)	23,563,778	100,368,829	48,659,815	87,587,977	71,425,678	15,963,541	7,845,585	355,415,203	5,788,373
Total Noncurrent Assets	26,319,728	103,462,193	49,164,764	89,297,141	71,425,678	22,869,340	7,932,585	370,471,429	5,788,373
Total Assets	33,200,721	108,071,949	52,272,504	97,783,097	86,774,270	34,521,391	11,371,704	423,995,636	6,074,993

Continued

CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

	Sanitation Fund	Wastewater Fund	Storm Water Fund	Water Fund	Alerus Center	Job Development Authority	Non Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
DEFERRED OUTFLOWS OF RESOURCES									
Deferred charges on refunding					1,994,211			1,994,211	
Deferred Pension Single Employer Plan	636,850	360,533	58,355	571,704		806	213,803	1,842,051	
Deferred Pension NDPERS	504,397	340,039	99,490	524,260		744	234,650	1,703,580	
Total deferred outflow of resources	1,141,247	700,572	157,845	1,095,964	1,994,211	1,550	448,453	5,539,842	
LIABILITIES									
Current Liabilities:									
Accounts payable	1,222,737	46,377	17,347	733,515	111,754	78,253	403,836	2,613,819	6,505
Due to other funds					850,285			850,285	49,700
Compensated absences payable-current	20,109	2,161	1,344	77,165	11,684		6,630	119,093	
Retainage payable		67,186	31,317	53,075	1,080			152,658	
Customer deposits payable			1,000	21,000			1,488	23,488	
Advance ticket and suite revenue					669,641			669,641	
Accrued interest payable	96,076	177,886	7,800	79,358	76,921		1,525	439,566	
Capital leases payable-current	194,730							194,730	
Notes payable-current						277,650		277,650	
Bonds payable-current	1,185,000	2,705,000	385,000	1,435,000	2,175,000		85,000	7,970,000	
Total Current Liabilities	2,718,652	2,998,610	443,808	2,399,113	3,896,365	355,903	498,479	13,310,930	56,205
Noncurrent Liabilities:									
Compensated absences payable	366,519	319,444	28,957	146,827	89,809	57,706	277,092	1,286,354	80,118
Revenue bonds payable	11,182,794	15,338,232	395,000	6,977,181	42,196,669		790,612	76,880,488	
Capital leases payable	618,825							618,825	
Notes payable						901,457		901,457	
Advances from other funds		356,364						356,364	19,000
Net Pension Liability Single Employer Plan	2,470,183	1,381,802	224,715	2,348,198		3,197	833,611	7,261,706	
Net Pension Liability NDPERS	1,395,119	852,942	196,681	1,409,499		1,938	555,857	4,412,036	
Landfill closure and postclosure care	3,547,052							3,547,052	
Total Noncurrent Liabilities	19,580,492	18,248,784	845,353	10,881,705	42,286,478	964,298	2,457,172	95,264,282	99,118
Total Liabilities	22,299,144	21,247,394	1,289,161	13,280,818	46,182,843	1,320,201	2,955,651	108,575,212	155,323
DEFERRED INFLOWS OF RESOURCES									
Deferred Pension NDPERS	92,272	47,744	5,238	89,207		116	27,542	262,119	
Total deferred inflow of resources	92,272	47,744	5,238	89,207		116	27,542	262,119	
NET POSITION									
Net investment in capital assets	10,382,429	82,534,532	47,879,815	79,175,796	29,048,220	15,963,541	6,969,973	271,954,306	5,788,373
Net position-restricted									
Debt Service	1,446,667	4,088,944	635,342	2,535,005	10,520,788		107,617	19,334,363	
Concert fund					6,182			6,182	
Capital		529,074	1,231,120	1,078,466	704,948		50,380	3,593,988	
Net position-unrestricted	121,456	324,833	1,389,673	2,719,769	2,305,500	17,239,083	1,708,994	25,809,308	131,297
Total Net Position	\$ 11,950,552	\$ 87,477,383	\$ 51,135,950	\$ 85,509,036	\$ 42,585,638	\$ 33,202,624	\$ 8,836,964	\$ 320,698,147	\$ 5,919,670
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds								\$ (137,296)	
Net position of business-type activities								\$ 320,560,851	

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

CITY OF GRAND FORKS, NORTH DAKOTA
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION-PROPRIETARY FUNDS

Exhibit 7

Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							Totals 2016	Governmental Activities- Internal Service Funds
	Sanitation Fund	Wastewater Fund	Storm Water Fund	Water Fund	Alerus Center	Job Development Authority	Non-Major Enterprise Funds		
Operating Revenues:									
Charges for sales and services:									
Utility fees	\$ 10,438,353	\$ 9,791,487	\$ 3,130,378	\$ 10,748,702			\$ 1,721,427	\$ 35,830,347	
Rents - concessions and other					\$ 4,708,955	\$ 3,153,764		7,862,719	
Operating assessment							421,646	421,646	\$ 1,944,007
Miscellaneous			2,387	49,771		56,901	1,030	110,089	
Total Operating Revenues	10,438,353	9,791,487	3,132,765	10,798,473	4,708,955	3,210,665	2,144,103	44,224,801	1,944,007
Operating Expenses:									
Salaries and wages	1,875,907	1,166,515	357,451	1,465,926	2,449,716	284,076	1,517,492	9,117,083	420,558
Supplies	219,640	112,759	12,609	1,386,667	43,181	6,270	404,510	2,185,636	704,749
Contractual services	1,903,012	1,139,087	258,812	1,179,643	553,167	198,871	315,583	5,548,175	109,170
Maintenance - structures and equipment	2,499,817	423,935	176,148	346,374	278,640	308,787	925,630	4,959,331	331,158
Concession and Catering					806,433			806,433	
Advertising and Marketing					210,355			210,355	
Self Promoted Events Settlements					130,411			130,411	
Sundry expenses	4,014	17,615	11,457	27,009	22,229	354	119,302	201,980	5,306
Utilities - heat and lights	77,560	840,365	130,094	511,969	420,798	295,845	96,238	2,372,869	133,675
Pension and social security	740,081	463,998	109,363	644,492		43,555	385,160	2,386,649	93,786
Administrative and general	794,094	937,860	583,690	1,084,176	203,030	681,025	999,733	5,283,608	89,599
Total Operating Expenses	8,114,125	5,102,134	1,639,624	6,646,256	5,117,960	1,818,783	4,763,648	33,202,530	1,888,001
Net Income (Loss) from Operations									
before Depreciation	2,324,228	4,689,353	1,493,141	4,152,217	(409,005)	1,391,882	(2,619,545)	11,022,271	56,006
Less - Depreciation	1,181,014	3,372,929	1,318,920	2,631,960	2,726,499	485,290	691,477	12,408,089	365,271
Net Operating Income (Loss)	1,143,214	1,316,424	174,221	1,520,257	(3,135,504)	906,592	(3,311,022)	(1,385,818)	(309,265)
Nonoperating Revenues (Expenses):									
Interest	62,378	68,561	23,798	117,996	128,843	461,440	21,706	884,722	1,108
Federal grants							1,405,682	1,405,682	
State grants							370,648	370,648	
General property taxes							1,073,660	1,073,660	
Personal property replacements							28,937	28,937	
Sales tax					8,916,161			8,916,161	
Miscellaneous	19,619						140	19,759	
Gain (loss) on capital assets	(33,346)	9,808		5,261	1,435		8,217	(8,625)	(2,521)
Interest expense	(325,030)	(594,357)	(30,050)	(261,063)	(1,649,533)	(68,939)	(79,471)	(3,008,443)	
Total Nonoperating Revenues (Expenses)	(276,379)	(515,988)	(6,252)	(137,806)	7,396,906	392,501	2,829,519	9,682,501	(1,413)
Income (Loss) Before Capital Contributions and Transfers	866,835	800,436	167,969	1,382,451	4,261,402	1,299,093	(481,503)	8,296,683	(310,678)

Continued

CITY OF GRAND FORKS, NORTH DAKOTA
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION-PROPRIETARY FUNDS

Exhibit 7 (Con't)

Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							Totals 2016	Governmental Activities- Internal Service Funds
	Sanitation Fund	Wastewater Fund	Storm Water Fund	Water Fund	Alerus Center	Job Development Authority	Non-Major Enterprise Funds		
Capital Contributions and Transfers:									
Contributed Capital		\$ 1,093,149	\$ 2,775,029	\$ 4,817,375	\$ 16,010	\$ -	\$ 564,624	\$ 9,266,187	
Transfers in	\$ 39,906	9,855	61,269	94,612		462,511	133,359	801,512	\$ 9,235
Transfers out		(56,421)				(850,935)		(907,356)	
Total Capital Contributions and Transfers	<u>39,906</u>	<u>1,046,583</u>	<u>2,836,298</u>	<u>4,911,987</u>	<u>16,010</u>	<u>(388,424)</u>	<u>697,983</u>	<u>9,160,343</u>	<u>9,235</u>
Change in Net Position	906,741	1,847,019	3,004,267	6,294,438	4,277,412	910,669	216,480	17,457,026	(301,443)
Total Net Position-Beginning	<u>11,043,811</u>	<u>85,630,364</u>	<u>48,131,683</u>	<u>79,214,598</u>	<u>38,308,226</u>	<u>32,291,955</u>	<u>8,620,484</u>	<u>303,241,121</u>	<u>6,221,113</u>
Total Net Position-Ending	<u>\$ 11,950,552</u>	<u>\$ 87,477,383</u>	<u>\$ 51,135,950</u>	<u>\$ 85,509,036</u>	<u>\$ 42,585,638</u>	<u>\$ 33,202,624</u>	<u>\$ 8,836,964</u>		<u>\$ 5,919,670</u>
								\$ (143,093)	
								\$ 17,313,933	

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							Governmental	
	Sanitation Fund	Wastewater Fund	Storm Sewer Fund	Water Fund	Alerus Center	Job Development Authority	Non-Major Enterprise Funds	Totals 2016	Activities Internal Service Funds
Cash Flows from Operating Activities:									
Receipts from customers	\$ 10,449,570	\$ 9,393,467	\$ 2,641,949	\$ 10,777,936	\$ 4,786,954	\$ 3,620,970	\$ 2,068,746	\$ 43,739,592	\$ -
Payments to suppliers	(4,921,734)	(4,016,297)	(1,268,517)	(4,591,751)	(2,980,448)	(1,492,375)	(2,976,076)	(22,247,198)	(1,455,070)
Payments to employees	(1,825,917)	(1,155,276)	(352,810)	(1,491,135)	(2,418,420)	(275,181)	(1,499,748)	(9,018,487)	(398,923)
Payments for interfund services used					(15,189)			(15,189)	1,943,506
Net cash provided (used) by operating activities	<u>3,701,919</u>	<u>4,221,894</u>	<u>1,020,622</u>	<u>4,695,050</u>	<u>(627,103)</u>	<u>1,853,414</u>	<u>(2,407,078)</u>	<u>12,458,718</u>	<u>89,513</u>
Cash Flows from Non-Capital Financing Activities:									
Transfers from other funds	39,906	9,855	61,269	94,612		462,511	133,359	801,512	9,235
Transfers to other funds		(56,421)				(850,935)		(907,356)	
Proceeds of repayment of advances from other funds		(169,195)		201,565				32,370	
Operating subsidies from federal grants							490,567	490,567	
Operating subsidies from state grants							580,574	580,574	
Operating subsidies from Taxes					503,392		1,099,587	1,602,979	
Net cash provided (used) by non-capital financing activities	<u>39,906</u>	<u>(215,761)</u>	<u>61,269</u>	<u>296,177</u>	<u>503,392</u>	<u>(388,424)</u>	<u>2,304,087</u>	<u>2,600,646</u>	<u>9,235</u>
Cash Flows from Capital & Related Financing Activities:									
Proceeds from revenue bonds and notes	3,612,951	1,132,597					870,000	5,615,548	
Proceeds from capital lease receivable	1,032,440					946,554		1,978,994	
Capital contributions		673,374	86,483	2,313,111	8,454,770		335,941	11,863,679	
Acquisition and construction of capital assets	(4,833,544)	(4,181,044)	(738,839)	(9,160,453)	(927,367)	(239,409)	(461,282)	(20,541,938)	(101,998)
Gain on sale of capital assets					1,435			1,435	
Principal paid on capital debt	(698,884)	(2,670,000)	(380,000)	(1,390,000)	(1,900,000)	(272,735)	(915,000)	(8,226,619)	
Interest paid on capital debt	(342,603)	(598,177)	(33,850)	(279,025)	(2,119,485)	(68,939)	(79,627)	(3,521,706)	
Net cash provided (used) by capital & related financing activities	<u>(1,229,640)</u>	<u>(5,643,250)</u>	<u>(1,066,206)</u>	<u>(8,516,367)</u>	<u>3,509,353</u>	<u>365,471</u>	<u>(249,968)</u>	<u>(12,830,607)</u>	<u>(101,998)</u>
Cash Flows from Investing Activities:									
Proceeds from sales and maturities of investments	2,681,572	4,111,857	686,338	2,524,689	7,108,355		128,983	17,241,794	
Purchase of investments	(2,755,950)	(3,093,364)	(504,949)	(1,709,164)	(10,597,709)	(9,000,000)	(87,000)	(27,748,136)	
Interest and dividends received	62,378	68,561	23,798	117,996	128,843	77,668	21,706	500,950	1,108
Net cash provided (used) by investing activities	<u>(12,000)</u>	<u>1,087,054</u>	<u>205,187</u>	<u>933,521</u>	<u>(3,360,511)</u>	<u>(8,922,332)</u>	<u>63,689</u>	<u>(10,005,392)</u>	<u>1,108</u>
Net increase (decrease) in cash and cash equivalents	2,500,185	(550,063)	220,872	(2,591,619)	25,131	(7,091,871)	(289,270)	(7,776,635)	(2,142)
Cash and cash equivalents - beginning of the year	3,405,388	3,931,697	1,705,606	7,036,609	3,217,366	8,200,287	1,846,713	29,343,666	159,190
Cash and cash equivalents - end of the year	<u>\$ 5,905,573</u>	<u>\$ 3,381,634</u>	<u>\$ 1,926,478</u>	<u>\$ 4,444,990</u>	<u>\$ 3,242,497</u>	<u>\$ 1,108,416</u>	<u>\$ 1,557,443</u>	<u>\$ 21,567,031</u>	<u>\$ 157,048</u>

Continued

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							Governmental Activities Internal Service Funds	
	Sanitation Fund	Wastewater Fund	Storm Sewer Fund	Water Fund	Alerus Center	Job Development Authority	Non-Major Enterprise Funds	Totals 2016	
Reconciliation of operating income to net cash provided (used) by operating activities:									
Operating Income (loss)	\$ 1,143,214	\$ 1,316,424	\$ 174,221	\$ 1,520,257	\$ (3,135,504)	\$ 906,592	\$ (3,311,022)	\$ (1,385,818)	\$ (309,265)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:									
Depreciation Expense	1,181,014	3,372,929	1,318,920	2,631,960	2,726,499	485,290	691,477	12,408,089	365,271
(Increase) decrease in accounts receivable	11,217	(398,020)	(490,816)	(32,537)	(194,087)	14,034	(75,357)	(1,165,566)	(501)
(Increase) decrease in inventories				27,485	(8,637)		(6,272)	12,576	42,288
(Increase) decrease in prepaid items	(4)	(403)	(1,157)	(20,821)	2,643	22	(44,293)	(64,013)	(383)
Increase (Decrease) in customer deposits				12,000	272,086			284,086	
(Increase) decrease in notes receivable						396,271		396,271	
(Increase) decrease in deferred pension outflows	(638,344)	(421,400)	(112,307)	(600,981)		(891)	(278,177)	(2,052,100)	
Increase (decrease) in accounts payable	8,485	(228,108)	(18,941)	371,920	(306,210)	44,467	232,632	104,245	(27,984)
Increase (decrease) in compensated absences payable	34,963	5,970	2,676	(32,795)	31,296	6,416	8,675	57,201	20,087
Increase (decrease) in net pension liability	899,065	588,132	152,799	838,173		1,242	385,151	2,864,562	
Increase (decrease) in landfill closure/postclosure liability	1,080,596							1,080,596	
Increase (decrease) in deferred pension inflows	(18,287)	(13,630)	(4,773)	(19,611)		(29)	(9,892)	(66,222)	
(Increase) decrease in due from other funds							75,000	75,000	20,000
Increase (decrease) in due to other funds					(15,189)		(75,000)	(90,189)	(20,000)
Total Adjustments	2,558,705	2,905,470	846,401	3,174,793	2,508,401	946,822	903,944	13,844,536	398,778
Net cash provided by operating activities	\$ 3,701,919	\$ 4,221,894	\$ 1,020,622	\$ 4,695,050	\$ (627,103)	\$ 1,853,414	\$ (2,407,078)	\$ 12,458,718	\$ 89,513
Noncash Investing, Capital and Financing Activities:									
Net (decrease) in fair value of investments	\$ (1,538)	\$ (756)	\$ (421)	\$ (1,078)	\$ (16,198)	\$ (2,373)	\$ (637)	\$ (23,001)	
Capital contributions		730,101	2,542,536	562,185				3,834,822	
Transfer of capital asset to governmental activity									
Reconciliation of cash and cash equivalents:									
Current Assets:									
Cash and cash equivalents	\$ 4,454,789	\$ 1,470,159	\$ 556,165	\$ 2,440,325	\$ 895,474	\$ 1,108,416	\$ 1,483,433	\$ 12,408,761	
Restricted cash, cash equivalents, and investments:									
Customer deposits			1,000	21,000			1,488	23,488	
Construction account	1,113,041	738,009	1,231,120	1,078,466			50,380	4,211,016	
Current debt service reserve	337,743	1,173,466	138,193	905,199			22,142	2,576,743	
Concert fund					1,922,211			1,922,211	
Trust account/advance ticket sales					424,812			424,812	
Total Cash and Cash equivalents	\$ 5,905,573	\$ 3,381,634	\$ 1,926,478	\$ 4,444,990	\$ 3,242,497	\$ 1,108,416	\$ 1,557,443	\$ 21,567,031	

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

CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

DECEMBER 31, 2016

	Pension Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 5,557,095	\$ 101,299
Investments at fair value:		
ND State Investment Board	57,808,959	
Accounts receivable		
Taxes Receivable:		
Hotel/Motel		69,137
Property		1,265
	<u> </u>	<u> </u>
Total Assets	<u>\$ 63,366,054</u>	<u>\$ 171,701</u>
LIABILITIES		
Accounts payable	\$ -	\$ 107,281
Due to other agencies		64,420
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ -</u>	<u>\$ 171,701</u>
NET POSITION RESTRICTED FOR PENSIONS		
Total Net Position Restricted for Pensions	<u>\$ 63,366,054</u>	

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

CITY OF GRAND FORKS, NORTH DAKOTA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS

Exhibit 10

Year Ended December 31, 2016
 With Comparative Totals for December 31, 2015

	Pension Trust Fund 2016	Pension Trust Fund 2015
Additions:		
Contributions:		
Employer contributions	\$ 3,590,322	\$ 3,590,325
Employee contributions	441,589	486,834
Total contributions	<u>4,031,911</u>	<u>4,077,159</u>
Investment Earnings:		
Net appreciation (depreciation) in fair value of assets & Interest, dividends and other income	4,344,791	699,438
Net investment earnings	<u>4,344,791</u>	<u>699,438</u>
Total additions	<u>8,376,702</u>	<u>4,776,597</u>
Deductions:		
Benefits paid to participants	5,509,875	5,080,220
Administrative Expenses	182,647	237,060
Total Deductions	<u>5,692,522</u>	<u>5,317,280</u>
Change in net position	2,684,180	(540,683)
Net position - beginning	<u>60,681,874</u>	<u>61,222,557</u>
Net position - ending	<u>\$ 63,366,054</u>	<u>\$ 60,681,874</u>

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



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CITY OF GRAND FORKS, NORTH DAKOTA
Notes to the Financial Statements
December 31, 2016

I. Summary of significant accounting policies

A. Basis of Presentation

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units by the Governmental Accounting Standards Board (GASB). The more significant of the City's accounting policies are described below.

The Government Accounting Standards Board (GASB) has issued several new statements, some of which have not been implemented by the City.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 80, *Blending Requirements for Certain Component Units and amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organization Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67 and No. 73, provides further guidance regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends GASB Statements No. 67 and No. 68 to require the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, rather than the payroll of employees that are provided with pensions through the pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, Fiduciary Activities, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 85, Omnibus 2017, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Management has not yet determined the effect these statements will have on the City’s financial statements.

B. Financial reporting entity

The City of Grand Forks, North Dakota was incorporated in 1881. The City adopted its Home Rule Charter in 1970. It is a municipal corporation governed by an elected mayor and seven-

member council. The council members are elected by wards to serve four-year staggered terms and the mayor is elected at large.

The financial statements present the City and its component unit. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

As a result of applying the component unit definition criteria above, the Grand Forks Regional Airport Authority is determined to be a component unit of the City. The Grand Forks Regional Airport Authority is a separate legal entity. The Mayor with the approval of the City Council appoints three of the five members of the Authority Board. Tax levies and bond issuance authorizations are approved by the City Council, and the legal liability for the general obligation portion of the Authority's debt remains with the City. Thus the Authority activities are discretely presented in a separate column in the City's government-wide financial statements. The Authority is reported as a business-type activity. Complete and audited financial statements of the Grand Forks Regional Airport Authority may be obtained at the Authority's administrative office.

C. Basis of presentation - government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those that are required to be accounted for in another fund. Most of the current day to day operations of the governmental units are financed from this fund.

The Special Assessment Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on special assessment long-term debt associated with various special assessment districts within the City.

The Current Year Projects Fund accounts for the receipt and disbursement of special assessment bond proceeds used to construct various infrastructure projects that will eventually be special assessed to benefitting property. This is a capital project fund.

The Street and Infrastructure Fund accounts for the receipt and disbursement of funds allocated to the City from North Dakota highway users taxes. These funds are to be used for street maintenance, repair, construction and related expenditures. This fund also accounts for the receipt and disbursement of the portion of the funds provided by the City's sales tax set aside for infrastructure projects as designated by the City Council. Sales tax is levied in accordance with the City's Home Rule Charter. This is a capital project fund.

The City reports the following major proprietary funds:

The Sanitation Fund accounts for the provision of garbage pick-up services, baling, landfill operation and alley upkeep to the residents of the city and some surrounding communities.

The Wastewater Fund accounts for the activities related to the operation and maintenance of wastewater treatment plant, sewage pumping stations and collection systems to provide sewer services to the residents of the city.

The Stormwater Fund accounts for the activities related to the operation and maintenance of surface water collection and drainage system to provide storm sewer services to the residents of the city.

The Water Fund accounts for the activities related to the operation and maintenance of water intake, treatment and distribution systems to provide water service to the residents of the city.

The Alerus Center Fund accounts for the operation and maintenance of the Alerus Center which is a multi-purpose sports and entertainment stadium and a convention center.

The Job Development Authority Fund accounts for the administration, operation, and debt service activities of the Authority. The Job Development Authority provides economic development opportunities to the community and region at large. It encourages the creation of new jobs while saving existing jobs, creates new wealth, enhances the local property tax base, encourages capital investment and diversifies the local economy.

Additionally, the City reports the following fund types:

Internal Service Funds account for goods and services provided by computer service, central garage, central purchasing and public works facility on a cost reimbursement basis to other departments or agencies of the city. Because these internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Agency Funds are used to account for assets held by the City as agent for other individuals, private organizations, or other governmental units and/or funds. The City acts as an agent in collecting a three percent room tax and the disbursement of these funds to the Convention and Visitor's Bureau for its use. The City also acts as an agent in collecting and disbursing a .5 mill levy to the Humane Society. No liability exists on behalf of the City beyond the extent of revenue received for these agency funds.

The Pension Trust Fund accounts for the activities of the City Employee's Pension Plan, which accumulates resources for pension benefit payments to qualified employees at year end. The Net Pension Liabilities associated with this plan are reported as of the measurement date at December 31, 2015 and are reported in the basic financial statements.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenues, charges for services and interest on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, which include miscellaneous revenue, are considered to be measurable and available only when cash is received by the City.

The proprietary and pension funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Unearned revenues represent resources that have been received but are not yet earned.

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and short-term investments with maturities of three months or less from the date of acquisition.

Cash balances for all funds are combined and invested to the extent available in authorized investments. Interest earnings from such investments are allocated to the respective funds based on average monthly balances.

Investments for the City as well as for its component unit are reported at fair value.

Fair Value Measurements

The City accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB 72 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

2. Receivables and payables

Activities between funds, which are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City calculates allowance for uncollectible accounts using historical collection data.

3. Special assessments receivable

Special assessments receivable include the following components:

- Unremitted – includes amounts held by the county as collection agent
- Delinquent – includes amounts billed to property owners but not paid as of December 31 of the year
- Uncertified – includes assessment installment which will be billed to property owners in future years.

Special assessment-principal revenues are recognized as installments become measurable and available. Special assessment-interest is recognized when due.

4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports two items reported on the statement of net position which represent actuarial differences within the pension plans as well as amounts paid to the plans after the measurement date. These are reported as the cost sharing defined benefit pension plan as well as the single employer defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue* (unavailable for property taxes and unavailable for special assessments), is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues, from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has one item reported on the statement of net position as cost sharing defined benefit pension plan, which represents actuarial differences within the NDPERS pension plan.

5. Inventories and prepaid items

Inventories are valued at cost using first-in/first-out (FIFO) method. The costs of inventory items are recognized as expenses in proprietary funds when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their

use is limited by applicable bond covenants. The “revenue bond reserve account” is used to segregate resources from the bond proceeds or from the utility revenue, to an amount equal to the lesser of 1) the maximum annual debt service on, 2) 125% of the average annual debt service on, or 3) ten percent (10%) of the proceeds of all bonds payable from the reserve revenue bond account. The reserve revenue bond account is a protection to bondholders and the City in the event utility revenues are inadequate to meet debt service expenses. In the event the use of the reserve revenue bond reserve account results in a deficiency in said account, the City agrees pursuant to Article 9 of Chapter 2 of the Grand Forks City Code, as amended, to levy an unlimited ad valorem tax upon all taxable property in the city in an amount required to restore the balance in said account. The “revenue bond construction account” is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond renewal and replacement account” is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, pavements, street lights, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital outlays are recorded as expenditures in the City’s fund financial statements, which use the modified accrual basis of accounting. Capital outlays are capitalized in the City’s government-wide statement of net position, which use the full accrual basis of accounting. Infrastructure assets have been capitalized retroactively to 1980 upon adoption of GASB Statement No. 34. Depreciation on the City’s capital assets, including infrastructure is recorded on a government-wide basis. For retroactive capitalization of infrastructure the City valued the assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building and structures	10 – 50 years
Improvements other than buildings	10 – 100 years
Infrastructure	30 – 50 years
Machinery and equipment	3 – 30 years

8. Compensated absences

Employees accrue vacation leave at a rate of various hours per month for years of continuous service. The maximum amount of vacation leave that can be accumulated is an amount that can be earned in the prior two years. All outstanding vacation leave is payable upon termination.

All vacation pay is accrued when incurred in the government-wide and proprietary fund statements.

Sick leave is accrued at a rate of fourteen days per year of continuous service. Sick leave accumulation is unlimited. However, an employee has the right to be paid for fifty (50) percent of his/her unused sick leave, either annually by being paid fifty (50) percent of the prior year accrual, or at termination by being paid for fifty percent of the accumulated amount. The options for payback are based on banking 960 hours (120) days and having completed 5 years of continuous service. Accrued liability is recorded in the government-wide and proprietary fund statements.

9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing sources while discounts on debt issuance are reported as other financing uses or expenditures. Issuance costs are withheld from the actual debt proceeds received, and are reported as debt service expenditures.

10. Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and the single employer pension plan and additions to/deductions from NDPERS/single employer plan fiduciary net position have been determined on the same basis as they are reported by NDPERS/single employer plan's except that NDPERS' fiscal year is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balance/Net Position

The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is "net position" on the government-wide, proprietary and fiduciary fund financial statements and "fund balance" on the governmental fund financial statements.

The Grand Forks City Council has adopted GASB Statement No. 54, "*Fund Balance Policy*." The policy provides defined fund balance categories which are reported in various categories

based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints and the purposes for which resources can be used:

Nonspendable - consists of amounts that are not in spendable form (such as inventory and prepaid items) or are required to be maintained intact.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts constrained to specific purposes by formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision making authority. To be reported as committed the City Council must adopt a resolution prior to the end of the year to commit fund balance. Amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.

Assigned - consists of amounts a government intends to use for a specific purpose. These constraints are established by the Council and/or management. The Council delegates the power to assign fund balances to the City Administrator and the Director of Finance per the Fund Balance Policy adopted December 8, 2011.

Unassigned - consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

In accordance with the City's Fund Balance Policy, to maintain adequate cash flow requirements and contingency needs, the City will strive to maintain an unassigned fund balance in the general fund of 18% of the next year's budgeted operating expenditures of the general fund. This will assist in maintaining an adequate level of fund balance as a majority of property tax revenue is received in March.

If spending unassigned fund balance in designated circumstances has reduced unassigned fund balance to a point below the minimum targeted level as noted above, the replenishment will be made within one to three years.

12. Fund balance flow assumptions

Sometimes a government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. If resources from more than one fund balance classification could be spent, the City will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned and unassigned.

13. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

G. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internal dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2. Property Tax

Property tax levies are set by the City Council in September of each year and are certified to Grand Forks County for collection in the following year. In North Dakota, counties act as collection agents for all property tax.

The County spreads all levies over taxable property. Property taxes are attached as an enforceable lien on the real estate and become due on January 1st of the year following the assessment date and are recorded as receivable by the City at that date. Within the fund financial statements, property taxes are accrued and recognized as revenue, excluding delinquent taxes received over 60 days after year-end. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

A five (5) percent reduction on the taxes is allowed if the taxes are paid in full by February 15th. Penalty and interest are added on March 1st if the first half of the taxes are not paid. Additional penalty and interest are added on October 15th to those taxes that were not paid.

Taxes are collected by the County and remitted monthly to the City. The City is permitted under the provisions of its Home Rule Charter to levy a maximum of one hundred and thirty (130) mills for general governmental services, excluding debt service, social security, special assessments, and city’s share of special assessments. In its 2016 budget, the city levied 43.66 mills under its limit.

3. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund’s principal ongoing operations. The principal operating revenue of the city’s utility funds and of the internal service funds are charges to customers for sales and services. The utility funds also recognize as operating revenue the portion of tapping fees intended to recover the cost of connecting new customers

to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Comparative data/reclassifications

Comparative total data for the prior year have been presented in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds. Also certain amounts/accounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. These reclassifications resulted in no changes in fund balances or net position.

II. Stewardship, compliance, and accountability

A. Budgetary information

The process of compiling the annual budget is a year-round activity. The basis of the process is a framework of statutory deadlines established by the State of North Dakota. The City Finance Department, Mayor and City Council establish the remainder of the process. The City Finance Director sets interim deadlines to insure necessary information is collected, priorities are determined, and the Mayor can make a recommendation to the City Council. Early in the budget process, the Mayor and Administration meet with City Council in planning sessions to keep everyone informed. The Finance Director has been designated to serve as the official budget officer for the City of Grand Forks, to the City Council, which, in turn establishes tax rates and adopts the annual budget and 6-year operations and capital improvement plan.

While the process may change from year to year the 2016 budget was developed in four phases; the planning phase, the preparation phase, the review phase and the adoption phase. Each phase is explained in detail in the City's budget document.

The Mayor, City Administrator and the Finance Director presented the recommended budget for 2016 to the City Council on August 20, 2015. The budget work sessions were scheduled as needed to discuss the budget. Once the Council is satisfied with the recommended budget, it is forwarded to the regular City Council meeting in September 2015 for preliminary approval. This meeting is open to the public and notice of this meeting is published in the local newspaper. The City Council gives preliminary approval of the city budget and sets first reading of the annual appropriation ordinance in early September. The City Council may hold public hearings and may subtract from or change appropriations.

Any changes in the budget must be made with the revenues and reserves estimated as available by the Director of Finance or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

The City Council gives final approval of the annual budget and second reading of the annual appropriation ordinance by the third Monday of September each year. By October 10th, the proposed budget and proposed tax levy is certified to the county.

The appropriated budget is prepared by fund, function and department. The legal level of control is the fund level. The management of the City of Grand Forks has the authority to

make transfers between object level within a department, function and fund as long as the total fund appropriations are not exceeded. City Council approval is required for an increase in the aggregate total of appropriations in order to reflect additional revenues that were not anticipated at the time of original adoption of the annual budget and appropriation ordinance. Several supplementary appropriations were made during the year.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

Expenditures made, liabilities incurred, or warrants issued in excess of the total appropriations in the final amended budget are a joint and several liability of the members of the City Council who authorized the making, incurring, or issuing thereof or who were present when they were authorized and did not vote against authorizing the same. "Total appropriations" means the total appropriation made for each fund in the annual budget ordinance.

Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue funds. Such budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

B. Excess of expenditures over appropriations

For the year ended December 31, 2016, expenditures exceeded appropriations in the Public Building Fund by \$196,352, and the Special Grants-Fire Fund by \$116,363 and the Special Grants-Other Fund by \$200,351. These over expenditures were covered by cash carryover from previous years and grant revenue and transfers from other funds that also exceeded the budgeted revenue.

C. Deficit fund equity

For the year ended December 31, 2016, all funds had positive fund equity.

III. Detailed notes on all funds

A. Deposits and investments

In accordance with North Dakota statutes, the City and the component unit maintain deposits at those depository banks and savings and loans authorized by the City Council or Authority Commission, as appropriate, all of which are members of the Federal Reserve System or the Federal Home Loan Bank System.

Statutes require that all city and component unit deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal one-hundred ten (110) percent of the deposits not covered by insurance or bonds.

In 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*. In accordance with this statement, the City's \$100,000 of common stock in Aatrix Software was reclassified as other assets rather than an investment. In reviewing this asset it was determined that it did not meet the definition of an investment 1) it must be held

primarily for the purpose of income or profit and, 2) have present service capacity based solely on its ability to generate cash or to be sold to generate cash. Its primary purpose was economic development rather than income generation.

Deposits - Primary Government

At December 31, 2016 the carrying amount of the City's deposits was \$49,567,969 and the bank balance was \$54,187,886. All of the bank balance was covered by federal depository insurance and collateral held by the City's agent in safekeeping in the City's name, covered by the Bank of North Dakota, or held in US Bank escrow account secured by US Treasury securities.

In addition, there are deposits of \$5,557,095 related to the City's single employer defined benefit pension plan. This is held by both Aetna Life Insurance and the North Dakota State Investment Board.

Deposits - Component Unit

At December 31, 2016 the carrying amount of the Airport Authority's deposits was \$11,254,333 and the bank balance was \$11,234,176 all of which was covered by Federal Depository Insurance or collateral held in safekeeping in the Authority's name. The investment is carried at fair market value based on the trading value of the New York Stock Exchange as of December 31, 2016.

Investments – Primary Government

As of December 31, 2016 the City had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10	Credit Rating	Rating Agency
Certificates of Deposit (various banks)	\$ 18,166,211	\$ 9,980,073	\$ 8,186,138	\$ -	\$ -	n/a	n/a
Federal Farm Credit	2,006,000	2,006,000	-	-	-	Aaa	Moody
Federal National Mortgage Assn Pool	26,775,145	-	18,242,394	5,840,306	2,692,445	Aaa	Moody
Federal Home Loan Bank	1,270,007	-	1,270,007	-	-	Aaa	Moody
Federal Home Loan Mortgage Corp	17,715,946	2,256,825	11,883,340	2,055,029	1,520,752	Aaa	Moody
Ginnie Mae	1,110,103	-	1,110,103	-	-	Aaa	Moody
Total	\$ 67,043,412	\$ 14,242,898	\$ 40,691,982	\$ 7,895,335	\$ 4,213,197		

Investment Type	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Price (Level 1)	Observable Inputs (Level 2)	Observable Inputs (Level 3)
Certificates of Deposit (various banks)*	\$ 6,630,651	\$ -	\$ 6,630,651	\$ -
Federal Farm Credit	2,006,000	-	2,006,000	-
Federal National Mortgage Assn Pool	26,775,145	-	26,775,145	-
Federal Home Loan Bank	1,270,007	-	1,270,007	-
Federal Home Loan Mortgage Corp	17,715,946	-	17,715,946	-
Ginnie Mae	1,110,103	-	1,110,103	-
Total	\$ 55,507,852	\$ -	\$ 55,507,852	\$ -

*Bank CD's, totaling \$11,535,560, are not included as the Fair Market Value Measurement disclosure is not applicable.

Investments – Pension Trust Fund

All investments of the fund are deposited with the North Dakota State Investment Board (SIB). The SIB is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments. The investment goals are viewed over the long term. The Board recognizes the plan's performance objectives, benefit projections, and capital market

expectation when determine the asset allocation. The SIB is responsible for managing the plan’s investments in accordance with the investment policy.

	Level I	Level 2	Level 3
Pension investments:			
Domestic equities	17,196,123	-	-
Global / international equities	15,740,801	-	-
Domestic fixed income	-	11,051,460	-
International fixed income	-	2,896,874	-
Private equity	-	2,165,691	-

Investments measured at the net asset value (NAV)

Pension investments:

Real assets NAV: \$ 8,758,010

Redemption frequency: quarterly, not eligible

Redemption Notice Period: 30-90 days

Real Assets – these investments are intended to provide allocation to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments are generally structured as limited partnerships or limited liability companies.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturities of its investment portfolio by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The average maturity of investments shall average five years or less.

Credit Risk

North Dakota State Statute limits local governments to invest in:

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

d) Obligations of the state.

It is the City's policy to limit its investments in these investment types. The above table lists the investment types and their credit ratings.

Concentration of Credit Risk

In accordance with the City's investment policy, the City diversifies its investments by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury and U.S. government backed securities)
- Limiting investment in securities that have higher credit risks
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations

Custodial credit risk

For an investment, this is a risk that; in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize the custodial credit risk exposure all trades of marketable securities are executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

Securities are held by an independent third-party custodian selected by the City of Grand Forks as evidenced by safekeeping receipts in the City of Grand Forks name. The safekeeping institution annually provides a copy of their most recent report on internal controls to the City.

The investment in the Pension Plan is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

B. Receivables

Receivables as of year-end for the City's individual major and non-major funds, internal service funds, and the fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Special Assessment	Capital Project Street and Infrastructure Fund	Enterprise Fund Sanitation	Enterprise Fund Wastewater	Enterprise Fund Water	Enterprise Fund Stormwater	Enterprise Fund Alerus	Enterprise Fund JDA	Non Major and Other Funds	Total
Receivables:											
Notes									\$ 3,864,133	\$ 2,051,540	\$ 5,915,673
Taxes	\$ 565,560		\$ 304,971					\$ 661,749		305,957 *	1,838,237
Accounts	1,143,900			\$ 986,963	\$ 1,191,868	\$ 794,761	\$ 719,265	511,663	226,607	376,035	5,951,062
Capital Leases									4,846,466		4,846,466
Special Assessments	163,589	\$45,745,130			16,356		239,111	219,237		1,931,166	48,314,589
Intergovernmental	<u>1,211,988</u>		<u>347,753</u>			<u>2,353,086</u>	<u>208,941</u>			<u>2,035,795</u>	<u>6,157,563</u>
Gross Receivables	3,085,037	45,745,130	652,724	986,963	1,208,224	3,147,847	1,167,317	1,392,649	8,937,206	6,700,493	73,023,590
Less: Allowance for Uncollectibles				(13,168)	(7,482)	(9,055)	(1,914)		(609,618)	(945)	(642,182)
Net Total Receivables	\$ 3,085,037	\$45,745,130	\$ 652,724	\$ 973,795	\$ 1,200,742	\$ 3,138,792	\$ 1,165,403	\$ 1,392,649	\$ 8,327,588	\$ 6,699,548	\$ 72,381,408

* Includes Fiduciary Fund taxes receivable

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unearned	Unavailable	Total
Delinquent property taxes receivable	\$ -	\$ 204,954	\$ 204,954
Special assessments not yet due	-	47,839,884	47,839,884
Grant draw-downs prior to meeting all eligibility requirements	2,158,124	-	2,158,124
Total unavailable/unearned revenue	<u>\$ 2,158,124</u>	<u>\$ 48,044,838</u>	<u>\$ 50,202,962</u>

C. Capital assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance				Balance
	1/1/2016	Additions	Deletions	Transfers	12/31/2016
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 31,916,170	\$ -	\$ (81,256)	\$ -	\$ 31,834,914
Infrastructure - ROW	6,529,621	40,380	-	-	6,570,001
Construction in progress	847,303	702,108	(205,965)	-	1,343,446
Total capital assets not being depreciated	39,293,094	742,488	(287,221)	-	39,748,361
Capital assets being depreciated:					
Buildings	43,900,255	1,025,304	-	-	44,925,559
Improvements other than buildings	66,240,639	-	-	-	66,240,639
Machinery & equipment	23,915,461	2,357,513	(1,531,594)	-	24,741,380
Infrastructure	166,623,215	6,950,302	-	-	173,573,517
Total capital assets being depreciated	300,679,570	10,333,119	(1,531,594)	-	309,481,095
Less accumulated depreciation for:					
Buildings	12,966,103	994,872	-	-	13,960,975
Improvements other than buildings	12,098,177	1,074,784	-	-	13,172,961
Machinery & equipment	15,739,272	1,640,501	(1,279,093)	-	16,100,680
Infrastructure	102,148,018	3,060,836	-	-	105,208,854
Total accumulated depreciation	142,951,570	6,770,993	(1,279,093)	-	148,443,470
Capital assets net of accumulated depreciation	157,728,000				161,037,625
Total governmental activities capital assets net	\$ 197,021,094				\$ 200,785,986
					Internal Service Fund capital assets net of accumulated depreciation included in governmental activities
					\$ 5,788,373
					Total capital assets reported in the statements of net position
					\$ 206,574,359
Business-Type activities:					
Capital assets not being depreciated:					
Land	\$ 14,388,890	\$ 464,142	\$ -	\$ -	\$ 14,853,032
Construction in progress	5,568,566	10,719,838	(1,242,542)	-	15,045,862
Total capital assets not being depreciated	19,957,456	11,183,980	(1,242,542)	-	29,898,894
Capital assets being depreciated:					
Buildings	230,174,784	4,088,671	-	-	234,263,455
Improvements other than buildings	243,832,175	8,669,570	(11,125)	-	252,490,620
Machinery & equipment	42,059,382	3,296,458	(2,810,931)	-	42,544,909
Total capital assets being depreciated	516,066,341	16,054,699	(2,822,056)	-	529,298,984
Less accumulated depreciation for:					
Buildings	75,596,047	4,917,198	-	-	80,513,245
Improvements other than buildings	92,809,246	4,982,719	(11,125)	-	97,780,840
Machinery & equipment	25,528,837	2,508,172	(2,548,419)	-	25,488,590
Total accumulated depreciation	193,934,130	12,408,089	(2,559,544)	-	203,782,675
Capital assets net of accumulated depreciation	322,132,211				325,516,309
Total business type activities capital assets net	\$342,089,667				\$355,415,203

Depreciation expense was charged to the following functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 1,033,997
Health & Welfare	35,718
Public Safety	1,212,623
Highways and Streets	4,468,121
Culture and Recreation	<u>20,534</u>
Total depreciation expense - governmental activities	<u>\$ 6,770,993</u>
Business-type activities:	
Sanitation	\$ 1,181,014
Wastewater	3,372,929
Water	2,631,960
Stormwater	1,318,920
Public Transit	409,512
Dial A Ride	70,940
Mosquito Control	89,553
Alerus Center	2,726,499
Job Development Authority	485,290
Downtown Parking	<u>121,472</u>
Total depreciation expense - business-type activities	<u>\$ 12,408,089</u>

Depreciation expense for capital assets held by the City's internal service funds are charged to the various functions based on usage of the assets.

Construction commitments

Construction commitments as of December 31, 2016 were approximately \$136,946,518. Of this amount, \$131,765,312, relates to the construction of the new water treatment plant. The funding sources for this project are a 50% grant from the State of North Dakota and a low interest, 30 year loan from the State Revolving Loan Fund as well as use of cash reserves from the Water Fund. For the balance of the commitments funds are designated for capital expenditures in various funds to cover these commitments.

Discretely presented component unit

Capital asset activity for the Grand Forks Regional Airport Authority for the year ended December 31, 2016 was as follows:

	Beginning Balance 01/01/2016				Ending Balance 12/31/2016
	01/01/2016	Additions	Deletions	Transfers	12/31/2016
Capital assets not being depreciated:					
Land	\$ 1,746,081				1,746,081
Construction in progress	5,707,640	\$ 1,189,143	\$ (5,481,001)	\$ -	1,415,782
Total capital assets not being depreciated	7,453,721	1,189,143	(5,481,001)	-	3,161,863
Capital assets being depreciated:					
Equipment	5,729,249	15,539	(77,718)	(2,196,139)	3,470,931
Motor Vehicles	2,028,901	31,485	(14,734)	2,196,139	4,241,791
Buildings	22,473,968	4,680,112	-	-	27,154,080
Systems and Structures	68,624,267	1,105,259	(6,093)	-	69,723,433
Total capital assets being depreciated	98,856,385	5,832,395	(98,545)	-	104,590,235
Less accumulated depreciation for:					
Equipment	3,187,116	221,653	(73,429)	779,491	4,114,831
Motor Vehicles	1,960,304	220,611	(14,734)	(779,491)	1,386,690
Buildings	5,229,238	781,298	-	-	6,010,536
Systems and Structures	41,851,146	2,707,422	(6,094)	-	44,552,474
Total accumulated depreciation	52,227,804	3,930,984	(94,257)	-	56,064,531
Capital assets net of accumulated depreciation	46,628,581	-	-	-	48,525,704
Total component unit capital assets net	<u>\$ 54,082,302</u>	<u> </u>	<u> </u>	<u> </u>	<u>\$ 51,687,567</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2016, is as follows:

Due to/Due from other funds:

General Fund	Non-Major Governmental	\$	90,000	(1)
Non-Major Governmental	Alerus Center		850,285	(2)
Non-Major Governmental	Internal Service Fund		49,700	(3)
Total		\$	<u>989,985</u>	

1. The purpose of this interfund receivable is to maintain a positive cash balance at year end.
2. The purpose of this interfund receivable is to assist the Alerus Center with its cash flow needs.
3. The purpose of this interfund receivable is to assist the Central Garage fund the fuel inventory at the new fueling station at the new fire station.

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
General Fund	Non-Major Governmental	\$ 9,901 (1)
General Fund	Internal Service	19,000 (1)
Water	Non-Major Governmental	228,253 (3)
Water	Wastewater	356,364 (2)
Total		<u>\$ 613,518</u>

1. The purpose of this long-term advance is to maintain a positive cash balance in the receiving fund.
2. The purpose of this long-term advance is to loan money from the Water Fund to allow the Wastewater Fund to pay for flood expenses deemed ineligible by FEMA.
3. The purpose of this long-term advance is to loan money from the Water Fund to finance the construction of the Public Safety Answering Point addition to the Police Building.

Interfund Transfers

Transfers Out	Transfers In												Total Transfers Out	Purpose	
	General Fund	Debt Service Special Assessment Bond Fund	Capital Project Current Year Projects Fund	Capital Project Street and Infrastructure Fund	Non-Major Governmental Funds	Sanitation Fund	Wastewater Fund	Water Fund	Stormwater Fund	Job Development Authority	Non Major Enterprise Funds	Internal Service Funds			
General Fund					\$ 1,480,851								\$ 9,235	\$ 1,490,086	(1)
Special Assessment Fund	\$ 326,951	\$ 338,315						\$ 60,096						725,362	(2)
Current Year Capital Project Fund		659,112		\$ 3,548										662,660	(2)
Street and Infrastructure Fund	2,347,875		\$ 1,561,284		2,645,366									6,554,525	(2)
Other Governmental Funds	122,331		25,000	50,000	2,214,121	\$ 7,500	9,855	10,500	\$ 61,269	\$ 462,511	\$ 133,359			3,096,446	(2)
Sanitation Fund														-	(2)
Wastewater Fund							32,406							56,422	(2)
Water Fund									24,016					-	(2)
Job Development Authority					850,935									850,935	(2)
Non-Major Enterprise Funds														-	(2)
Internal Service Funds														-	(2)
Total Transfers In	\$ 2,797,157	\$ 997,427	\$ 1,586,284	\$ 53,548	\$ 7,191,273	\$ 39,906	\$ 9,855	\$ 94,612	\$ 61,269	\$ 462,511	\$ 133,359	\$ 9,235			

1. Transfer to cover City's share of the Public Safety Answering Point function, transfer sick leave to sick leave fund and transfer for capital items
2. Transfer share of debt service payments, capital and project expenses, wage reimbursements and a fund equity transfers to close funds

E. Leases

Operating and Capital Leases

The Alerus Center, an enterprise fund of the City of Grand Forks, leases the arena for football games on a cancelable operating lease. The total lease revenue was \$395,711 for the year ended December 31, 2016. The entire Alerus Center has been capitalized but this lease is just for the arena portion of the facility and just for a few days per year.

The future expected minimum lease payments including scheduled rent increases to be received are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2017	\$ 333,581
2018	363,892
2019	367,205
2020	370,584
2021	374,030
2022	<u>377,546</u>
Total	<u>\$ 2,186,838</u>

The Job Development Authority, an enterprise fund of the City of Grand Forks, leases buildings and office facilities under capital and non-cancelable operating leases. Total lease revenue was \$3,537,536 for the year ended December 31, 2016.

	<u>Business-type Activities</u>
Assets:	
Buildings	\$ 35,198,186
Less: Accumulated depreciation	(12,077,046)
Capital Lease Receivable	<u>4,846,466</u>
Total	<u>\$ 27,967,606</u>

The future expected minimum lease payments including scheduled rent increases to be received are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2017	\$ 2,700,393
2018	2,626,234
2019	2,597,911
2020	2,602,848
2021	2,602,848
2022	<u>2,523,963</u>
Total	<u>\$ 15,654,197</u>

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of certain trucks and equipment. These lease agreements qualify as capital leases for accounting

purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Assets:	
Machinery and equipment	\$ 1,174,275
Less: Accumulated depreciation	<u>(422,702)</u>
Total	<u>\$ 751,573</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

	Sanitation	Total
2017	\$ 194,730	\$ 194,730
2018	200,227	200,227
2019	206,237	206,237
2020	<u>212,361</u>	<u>212,361</u>
Total Minimum Lease Payments	\$ 813,555	\$ 813,555
Less: amount representing interest	<u>(61,983)</u>	<u>(61,983)</u>
Present value of minimum lease payments	<u>\$ 751,572</u>	<u>\$ 751,572</u>

F. Long-term debt

Governmental activities include the following types of long-term debt:

General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital items. They are direct obligations and pledge the full faith and credit of the City of Grand Forks. GO bonds are paid through the debt service funds by a mill levy sufficient to meet the current year's principal and interest payments. These bonds are generally issued as 20-year serial bonds with varying amounts of principal maturing each year. The outstanding bonds have varying interest rates ranging from 2.0% to 4.625%.

During the current year the City issued \$2,735,000 of General Obligation Public Building Refunding Bonds, Series 2016C to refund the General Obligation Public Building Bonds, Series 2006B, and to advance refund General Obligation Public Building Bonds, Series 2007A, to achieve interest savings.

As a result of the refunding, the City is expected to realize a total future value benefit of \$349,067 with a net present value benefit of \$318,673.

General Obligation Bonds outstanding as of December 31, 2016 totaled \$8,235,000. Their original issue amount totaled \$14,170,000. The City is subject to a statutory limit by the State of North Dakota for indebtedness payable principally from property taxes. At December 31, 2016 the statutory limit for the City was \$104,307,089. The general obligation debt, net of cash available for bond retirement was \$8,483,130 leaving a legal debt margin of \$95,823,959.

Special Assessment Bonds

Special assessment bonds are issued to provide funds for the construction of various improvements deemed to benefit the properties against which special assessments are levied. Special assessment bonds are paid from the debt service funds by the annual certification payments made by the property owners. These bonds are also backed by GO commitments. The City is required by law to levy a tax upon all taxable property within the city limits to restore any deficiency in the improvement district funds for the payment of all warrants and interest thereon, and the city is authorized, and it is its policy, to levy such a tax whenever such a deficiency is anticipated to occur. Such tax levies are not subject to any constitutional or statutory limitations as to rate or amount. Special assessment bonds are generally issued as 20-year serial bonds with varying amounts of principal maturing each year. The outstanding bonds have a varying interest rate ranging from .75% to 5%.

During the current year the City issued \$6,180,000 of Special Assessment Refunding Improvement Bonds, Series 2016A to finance various improvement projects within the City. Also during the year, the City entered into a \$7,155,000 Special Assessment Loan for various infrastructure projects near the new Water Treatment Plant through the Bank of North Dakota, of which, \$1,280,808 was drawn down through December 31, 2016. The City pledges special assessments against benefited properties for payment of these bonds.

The special assessment bonds outstanding as of December 31, 2016 totaled \$60,280,808. Their original issue amount totaled \$94,800,455.

Sales Tax Revenue Bonds

Sales tax revenue bonds are revenue obligations of the City payable solely from the collection of the City's local sales and use taxes, and do not constitute a debt for which the faith and credit or taxing powers of the city is pledged. The City is required to fund a reserve account from the proceeds of the bonds. In the event the use of the reserve results in a deficiency in the reserve account, the City has covenanted to levy an ad valorem tax upon all taxable property in the city, in the amount required to restore the reserve account balance.

The sales tax revenue bonds outstanding as of December 31, 2016 for governmental activities totaled \$5,795,000. Their original issue amount totaled \$13,135,000.

Special Project Bonds

Pursuant to a financing plan established by the City Council to fund the City's share of the cost associated with the construction of the permanent flood protection project, the City has issued special assessment bonds totaling \$12,247,147 (to be paid from city-wide special assessments, these bonds have been refinanced, original amount was \$41,117,147, current outstanding \$4,791,958), general obligation bonds totaling \$7,945,000 (to be paid from 5.37 mills pledged out of general property taxes, these bonds have been refinanced, original amount was \$14,480,000, current outstanding \$3,315,000), and sales tax revenue bonds totaling \$6,830,000 (to be paid from dedicated sales tax revenues, original amount was \$19,235,000, current outstanding \$3,585,000) as of December 31, 2016.

Notes

At December 31, 2016 the amount outstanding on Industrial Development Revenue Note, Corporate Center Project, Series 1999 is \$392,944. This note was restructured in 2010, lowering the interest rate from 7.5% to 5.55 % for five years, after which the rate can change, however it cannot increase over the original 7.5% for the three remaining years. The realized savings are being used to repay an internally funded loan that is being used to make deferred maintenance improvements to the Corporate Center Building.

In 2006, the City's Job Development Authority entered into loan agreements with Bremer Bank in the amount of \$6.5 million for Cirrus Design Corporation. This loan financed expansion projects for Cirrus Design Corporation. The loan payments will be made by the Job Development Authority collected through lease payments from Cirrus Design Corporation from 2006-2021. As of December 31, 2016 the amount outstanding is \$1,179,107.

Revenue Bond

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Monthly transfers that will adequately pay the annual principal and interest installments of the revenue bonds are made from the enterprise funds to individual sinking funds of those funds.

During the current year, the City issued \$3,535,000 of Sanitation Reserve Revenue Bonds, Series 2016B, to finance the construction of Cell B at the City's landfill.

In 2016, the City also issued \$870,000 of Mosquito Control Reserve Revenue Refunding Bonds, Series 2016D to refund Mosquito Control Reserve Revenue Bonds, Series 2007B to achieve interest cost savings.

As a result of the refunding, the City is expected to realize a total net future value benefit of \$114,058 with a net present value benefit of \$106,018.

Also during the year, the City entered into two low interest Bank of North Dakota loans, a \$2,670,000 Sewer Reserve Revenue Loan for Lift Station #17 Improvements of which \$309,152 was drawn down as of 12/31/16, and a \$5,175,000 Sewer and Economic Development Reserve Revenue Loan for 3 new lift stations and associated forcemains, of which, \$823,446 was drawn down through December 31, 2016.

Revenue bonds outstanding as of December 31, 2016 for business-type activities totaled \$78,542,598; \$26,342,598 for revenue bonds, \$38,480,000 for sales tax bonds, and \$13,720,000 for SRF loans. Their original issue amounts totaled \$134,855,659; revenue bonds \$34,517,598, Sales tax revenue bonds \$40,380,000, and SRF loans \$59,958,061 respectively.

Annual debt service requirements to maturity for the bonded debt for governmental and business-type activities are as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Special Assessment Bonds (1) (4)		Sales Tax Revenue Bonds (2)		Industrial Development Revenue Notes		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 3,110,000	\$ 294,620	\$ 5,748,480	\$ 2,049,169	\$ 1,295,000	\$ 228,780	\$ 392,944	\$ 9,142	\$ 13,128,135
2018	1,140,000	161,600	5,844,840	1,877,008	1,070,000	188,100	-	-	10,281,548
2019	1,165,000	126,100	5,546,467	1,694,850	1,130,000	144,475	-	-	9,806,892
2020	530,000	87,500	5,137,800	1,514,399	1,175,000	98,100			8,542,799
2021	545,000	74,550	4,794,934	1,345,421	1,125,000	47,650			7,932,555
2022-2026	1,745,000	176,200	16,368,691	4,807,906	-	-			23,097,797
2027-2031			12,065,236	2,591,633					14,656,869
2032-2036			6,677,863	989,324					7,667,187
2037-2041			2,328,338	347,350					2,675,688
2042-2046			1,642,351	97,194					1,739,545
Total Governmental Activities	\$ 8,235,000	\$ 920,570	\$ 66,155,000	\$ 17,314,254	\$ 5,795,000	\$ 707,105	\$ 392,944	\$ 9,142	\$ 99,529,015

1. Special assessment bonds includes SRF loans.
2. To be paid from dedicated sales tax revenue.

Business-type Activities

Year Ending December 31	Revenue Bonds (1) (4)		Sales Tax Revenue Bonds (2)		Industrial Development Revenue Note		SRF - Loans (3)		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 2,752,136	\$ 854,998	\$ 2,175,000	\$ 1,846,100	\$ 101,600	\$ 49,916	\$ 3,285,000	\$ 343,000	\$ 11,407,750
2018	2,750,304	813,460	2,290,000	1,737,350	281,530	42,025	3,380,000	260,875	11,555,544
2019	2,824,258	740,304	2,395,000	1,622,850	285,926	28,378	2,185,000	176,375	10,258,091
2020	2,613,027	659,995	2,520,000	1,503,100	290,474	14,604	2,230,000	121,750	9,952,950
2021	1,807,403	591,641	2,645,000	1,377,100	219,577	1,283	1,555,000	66,000	8,263,004
2022-2026	5,861,483	2,426,046	15,310,000	4,767,000			1,085,000	68,625	29,518,154
2027-2031	5,932,626	1,583,326	11,145,000	898,800					19,559,752
2032-2036	4,110,890	833,839							4,944,729
2037-2041	2,757,986	331,414							3,089,400
2042-2046	1,644,886	90,085							1,734,971
Total Business- type Activities	\$ 33,054,999	\$ 8,925,108	\$ 38,480,000	\$ 13,752,300	\$ 1,179,107	\$ 136,206	\$13,720,000	\$ 1,036,625	\$ 110,284,345

1. Revenue bonds will be paid from the utility user fee.
2. Sales tax revenue bonds includes Alerus bond - to be paid from dedicated sales tax revenue.
3. SRF loans include loans for clearwell, wastewater treatment plant and bio-solids management project-to be paid from user utility fee.
4. Payment schedule based on full amount of Bank of North Dakota bonds

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2016, is as follows:

	Beginning- Restated Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable:					
General obligation	\$ 7,425,000	\$ 2,735,000	\$ 1,925,000	\$ 8,235,000	\$ 1,105,000
Unamortized Premium	37,463	241,131	8,158	270,436	
Unamortized Discount	(30,318)	-	(8,012)	(22,306)	
Special Assessment with GO commitment	59,426,000	7,460,808	6,606,000	60,280,808	5,558,000
Unamortized Premium	1,595,482	67,090	115,022	1,547,550	
Unamortized Discount	(132,508)	-	(10,206)	(122,302)	
Sales Tax Revenue	7,175,000	-	1,380,000	5,795,000	1,295,000
Unamortized Premium	510,810	-	90,143	420,667	-
Total bonds payable	\$ 76,006,929	\$ 10,504,029	\$ 10,106,105	\$ 76,404,853	\$ 7,958,000
Industrial Development Revenue Note	892,118	-	499,174	392,944	392,944
Compensated absences	4,968,057	415,371	255,435	5,127,993	410,000
Net pension liability Single Employer Plan	20,143,065	4,560,892	-	24,703,957	-
Net pension liability NDPERS	9,974,746	4,994,911	-	14,969,657	-
Governmental Activity Long-term Liabilities	<u>\$ 111,984,915</u>	<u>\$ 20,475,203</u>	<u>\$ 10,860,714</u>	<u>\$ 121,599,404</u>	<u>\$ 8,760,944</u>
Internal Service Fund long-term liabilities included in governmental activities				\$ 80,118	
Total long-term liabilities in the statement of net position				<u>\$ 121,679,522</u>	

	Beginning- Restated Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type Activities:					
Bonds payable:					
Revenue bonds	\$ 23,430,000	\$ 5,537,597	\$ 2,625,000	\$ 26,342,597	\$ 2,895,000
Unamortized Discount	(56,731)	-	(9,963)	(46,768)	
Unamortized Premium	415,743	85,004	37,757	462,990	
Sales tax revenue bonds	40,380,000	-	1,900,000	38,480,000	2,175,000
Unamortized Discount	-	-	-	-	
Unamortized Premium	6,346,332	-	454,663	5,891,669	
Total Bonds payable	\$ 70,515,344	\$ 5,622,601	\$ 5,007,457	71,130,488	\$ 5,070,000
NDBB-SRF Loan	16,930,000	-	3,210,000	13,720,000	2,900,000
Landfill closure/postclosure	2,466,456	1,080,596	-	3,547,052	-
Capital leases	-	813,556	-	813,556	194,730
Notes	1,451,843	-	272,736	1,179,107	277,650
Compensated absences	1,348,245	177,387	120,186	1,405,446	44,492
Net pension liability Single Employer Plan	5,891,659	1,370,047	-	7,261,706	-
Net pension liability NDPERS	2,917,521	1,494,515	-	4,412,036	-
Business-type Activity Long-term Liabilities	<u>\$ 101,521,068</u>	<u>\$ 10,558,702</u>	<u>\$ 8,610,379</u>	<u>\$ 103,469,391</u>	<u>\$ 8,486,872</u>
\$1,388,042 of debt is not attributable to capital assets					

Prior year defeasance of debt

On December 1, 2016, the City partially defeased the \$7,320,000 Improvement Refunding Bonds, Series 2006C, of which \$3,410,000 in principal remained outstanding. Cash had accumulated in the bond fund in an amount sufficient to pay \$1,410,000 of outstanding principal.

There are no other defeased bonds outstanding as of December 31, 2016.

Compensated absences and net pension obligations for governmental activities are generally liquidated by the general fund.

Component Unit

The Long-Term Debt of the Airport Authority at December 31, 2016 is comprised of the following individual issues:

Revenue Bonds:

Airport Revenue Bonds 2009:

\$4,500,000 serial bonds due in annual installments of \$175,000 to \$340,000 through June 1, 2029; interest at 2 percent to 5 percent \$3,400,000

Airport Revenue Bonds 2013

\$2,410,000 serial bonds due in annual installments of \$125,000 to \$210,000 through June 1, 2028; interest at 1.25 percent to 4.5 percent 2,015,000

Bond Premium 17,557

Total \$5,432,557

The airport revenue bonds are to be repaid from authority revenue, however, if the principal and interest cannot be paid from revenue, a tax can be levied on the property in the County of Grand Forks, North Dakota for debt service.

The annual requirements to amortize all bonds and notes payable as of December 31, 2016 for the component unit are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2016
(In Thousands of Dollars)

Year Ending December 31,	Principal	Interest	Total
2017	340,000	227,655	\$ 567,655
2018	350,000	217,085	567,085
2019	360,000	204,505	564,505
2020	375,000	190,226	565,226
2021	390,000	174,956	564,956
2022-2026	2,215,000	603,408	2,818,408
2027-2029	1,385,000	93,300	1,478,300
	\$ 5,415,000	\$ 1,711,135	\$ 7,126,135

The Grand Forks Regional Airport Authority entered into a non-revolving line of credit with Alerus Financial on June 16, 2009 which matured on June 4, 2016 and was not renewed. The total amount

available under the line of credit was \$1,200,000. No balance was outstanding related to this line of credit at December 31, 2016.

Conduit Debt

From time to time, the City has issued Municipal Industrial Development Act Revenue Bonds to provide financial assistance to private-sector entities for construction projects and renovations and to finance capital equipment purchases deemed to be in the public interest. The bonds are secured by mortgage and security agreements, indentures of trust, an irrevocable letter of credit, liquidity facility agreement and by the Municipal Bond Investors Assurance Corporation. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2016, the aggregate principal amount payable of the six series issued was \$199,230,000. Their original issue amounts totaled \$247,635,000.

Subsequent to December 31, 2016, the City entered into two new agreements of up to \$135,000,000 of new conduit debt for Altru Health Services and Valley Homes Obligated Group.

Arbitrage Rebate

In accordance with the provisions of sections 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirement, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. As of December 31, 2016, there were no amounts for arbitrage rebates.

G. Segment Information

The City maintains ten enterprise funds that account for the Sanitation, Wastewater, Water, Stormwater, Public Transit, Dial-A-Ride, Alerus Center, Job Development Authority, Mosquito Control, and Downtown Parking. The City considers each of its enterprise funds to be a segment. Since the required segment information is already included in the City’s proprietary funds balance sheet and statement of revenues, expenditures, and changes in fund balance, this information has not been repeated in the notes to the financial statements.

H. Restricted Assets

The balances of the current and non-current restricted asset accounts in the enterprise funds are as follows:

Trust account for advance ticket sales/suite revenue	\$ 424,812
Customer deposits	23,488
Concert Fund	1,922,211
Construction account	4,211,016
Revenue bond current debt service account	13,174,452
Revenue bond reserve account	6,599,477
Reserve for landfill closure	1,550,950
Accounts receivable from suites and advertising	41,069
Total restricted assets	<u>\$ 27,947,475</u>

The fund balances of the governmental funds are as follows:

	General Fund	Major Debt Service Fund Special Assessment Fund	Major Capital Project Fund Current Year Projects	Major Capital Project Fund Street and Infrastructure Fund	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Advances to other funds	\$ 28,901					\$ 28,901
Restricted for:						
Debt service		\$ 15,726,620			\$ 4,063,055	19,789,675
Construction			\$ 1,797,587			1,797,587
Community development					1,485,390	1,485,390
Emergency					443,696	443,696
Economic development					5,571,783	5,571,783
Public buildings					631,441	631,441
Public safety:						
Police and Fire Grants					84,743	84,743
Public Safety Answering Point/E911					726,056	726,056
Health and welfare:						
Health Grants					448,484	448,484
Nuisance Abatement					106,675	106,675
Library					1,281,637	1,281,637
Flood control/greenway projects					2,663,880	2,663,880
Infrastructure				\$ 16,053,985		16,053,985
City share of special improvements					35,563	35,563
City special assessments					375,653	375,653
Other purposes					7,125	7,125
Committed to:						
Special assesment deficiencies, infrastructure and pension needs	2,276,013					2,276,013
Sick leave liability	419,268					419,268
Bikeway projects					473,785	473,785
Bridges and Underpasses					1,876,691	1,876,691
Future capital purchases					2,180,602	2,180,602
Assigned to:						
Public safety - fire station	1,311,612					1,311,612
Department cash carryover	1,487,319					1,487,319
Other purposes	22,967					22,967
Unassigned	8,520,180					8,520,180
Total Fund Balance	\$ 14,066,260	\$ 15,726,620	\$ 1,797,587	\$ 16,053,985	\$ 22,456,259	\$ 70,100,711

IV. OTHER INFORMATION

A. Risk Management

The City of Grand Forks is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The City of Grand Forks participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The City of Grand Forks pays an annual premium to the Fire and Tornado Fund to cover the property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of two million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides the City of Grand Forks with blanket fidelity bond coverage with no limit of liability. The State Bonding Fund does not currently charge any premium for this coverage.

The City of Grand Forks also participates in the North Dakota Public Employees Retirement System (NDPERS) Health Insurance Fund. The City of Grand Forks pays an annual premium to cover a portion of the employees' health insurance. There is no lifetime maximum in accordance with federal law.

The City of Grand Forks carries insurance for worker's compensation, boiler and machinery, and flood insurance.

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

B. Contingent Liabilities

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the city.

The City has also guaranteed to pay a portion of \$5,415,000 of Grand Forks Regional Airport Authority debt issued in 2009 and 2013 in the event the debt is not paid by the Authority. The amount the City is guaranteeing will be based on an apportioned amount of taxable valuation between the City and County of Grand Forks. It is anticipated there will be no liability for the City.

C. Solid Waste Landfill Closure and Post-closure Care Costs

State and federal laws required the City of Grand Forks to place a final cover on its Highway 2 landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after the closure. The City closed this "old" solid waste landfill (permit #SW-069) on July 28, 2011. The remaining costs for post closure care cost for this landfill are estimated to be \$1.4 million as of December 31, 2016. There is approximately \$1.55 million in reserve to finance these costs.

In 2010 the City opened the new Regional Solid Waste Landfill. This landfill site design has a total of 10 cells on approximately 190 acres of land. The estimated total MSW landfill

capacity is 14,046,582 cubic yards with a waste volume capacity of 11,828,678 cubic yards and the remaining cubic yards for soil/cover volume. The individual cell capacity varies. Assuming an average of 85,000 tons of solid waste per year, the landfill would last approximately 83 years.

The City has constructed two cells (Cell A & B). Based on design this cell has 1,665,488 cubic yards of waste volume capacity. In 2016 the estimated volume used was 148,939 cubic yards with 695,000 solid waste cubic yards capacity remaining.

The City will close each cell when it is filled to capacity and stops accepting waste. Although closure and post-closure care costs will be paid only near or after the date the cell stops accepting waste, the City reports a portion of these closure and post-closure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2.1 million reported as MSWLF closure and post-closure care liability for the new landfill at December 31, 2016 represents the cumulative amount reported to date based on the estimated capacity of Cell A & B that has been used. The City will recognize the remaining estimated cost of closure and post-closure care of \$1.5 million (\$3.6 million - \$2.1million) as the remaining estimated capacity is filled. These are estimated costs and actual costs are subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The City is in compliance with the financial assurance provision set under Subtitle D of Resource Conservation and Recovery Act which requires owners and operators of municipal solid waste landfills to establish a mechanism to demonstrate financial assurance for the cost of closure, post-closure care, and corrective action. Mechanisms used to demonstrate financial assurance must ensure the amount of funds assured are adequate and the funds will be available when needed. The City is meeting this obligation by applying a financial test mechanism as specified in the North Dakota Administrative code sections 33-20-14-02 through 33-20-14-07. Because the City is able to meet the financial test, the reservation of cash in a landfill assurance fund/account is not required.

D. Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue code section 457(b). The plan, available to all city employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency.

Due to certain statutory changes made by the Small Business Job Protection Act of 1996 and the Tax Reform Act of 1997 to Section 457 of the Internal Revenue Code, assets and income deferred under an eligible Section 457(b) plan of a state or local government employer must be held in trust or in custodial accounts. The trust requirement for governmental plans is described in new Section 457(g) of the Internal Revenue Code. The assets must be held for the exclusive benefit of participants and beneficiaries.

All amounts of compensation deferred under the plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and beneficiaries under the plan. Pursuant to this requirement the City of Grand Forks established a tax-exempt trust for its 457 deferred compensation plan in December of 1998 and entered into a trust agreement with the Alerus Financial, N.A. formerly known as First National Bank ND to be effective January 1, 1999.

Deferred compensation is no longer reported in the financial statements of the City of Grand Forks as of January 1, 1999.

E. Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

A. Plan Description

The City administers a single employer defined benefit pension plan (The City of Grand Forks, North Dakota Pension Plan) which covers substantially all of its employees hired before January 1, 1996. The plan is included in the City's financial reports as Pension Trust Fund, a separate actuarial report for the pension plan is available in the City's Finance Office. The defined benefit pension plan has been frozen since January 1, 1996 in an effort to control the City's contribution requirements. City employees hired after January 1, 1996 participate in the City's Defined Contribution Plan or the NDPERS Hybrid Defined Benefit Plan.

The City Council has the authority to establish and amend the plan terms.

SUMMARY OF THE PRINCIPAL PROVISIONS OF THE PLAN

1. **Effective Date:** The effective date of the plan is July 1, 1970. The anniversary date is January 1.
2. **Eligible Employees:** All full-time employees, hired before January 1, 1996, of the City of Grand Forks are eligible to participate in the Plan.
3. **Participation:** An eligible employee becomes a participant on the first day of the month coincident with or following completion of one year of service and attainment of age 21.
4. **Considered Compensation:** Considered compensation is the annual base compensation but does not include overtime, bonuses, or extra compensation.
5. **Contributions:** Contributions are based upon the retirement age selected by the participant (for the retirement with full benefits). The following table summarizes the required contribution.

Selected Retirement Age	Contribution Rate
55	7.4%
62	4.7%
65	3.7%

6. **Average Earnings:** The average considered compensation for the seven highest consecutive calendar years during the last ten consecutive years preceding the retirement or termination date.
7. **Past Benefit Service:** All service with employer prior to January 1, 1970, limited to 10 years.

8. **Future Benefit Service:** Any calendar year after 1969 in which a participant completes at least 1,000 hours of service.

9. **Normal Retirement Date:** The first day of the month coinciding with or next following the participant's 65th birthday.

B. Benefits Provided

Normal retirement benefit is the sum of past service benefit for service prior to January 1, 1970 and future service benefit for service after January 1, 1970.

Past Service Benefit:

2.3% of considered compensation at January 1, 1970 multiplied by past benefit service for employees eligible to retire with full benefits at 55.

2.0% of considered compensation at January 1, 1970 multiplied by past benefit service for all other employees.

Future Service Benefit:

2.3% of average earnings multiplied by future benefit service for employees eligible to retire with full benefits at 55.

2.0% of average earnings multiplied by future benefit service for all other employees.

Early retirement benefit is the accrued benefit as of early retirement date, reduced by 5/9 of 1% per month for the first 60 months and 5/18 of 1% for each of the next 60 months by which the commencement date precedes the selected retirement date. The earliest possible retirement age for all contribution rates is age 55.

Late Retirement Benefit: Same as normal retirement using earnings and service credits to late retirement date.

Disability Benefit: Same as early retirement benefit.

Vesting: An employee is fully vested after completing five years of service as a participant. Accumulated employee contributions with interest are vested at all times. The interest rate credited on employee contributions for each year is the same as the federal mid-term rate for the fifth month preceding the beginning of the plan year.

Normal form of benefit is a life annuity with a modified cash refund death benefit. Vested termination benefit is the greater of the value of the deferred vested benefit or accumulated contributions. Pre-retirement death or nonvested termination benefit is the return of employee contributions with interest.

A spouse of a deceased participant who was vested may be eligible for a preretirement spouse benefit equal to 100% of the joint annuity benefit which the participant could have received if the participant terminated on his or her date of death and selected the 100% joint and survivor option. Other spouses will receive a return of contributions, with interest.

C. Employees Covered by Benefit Terms

The following table summarizes employees covered by benefit terms of the plan at the actuarial valuation date:

At January 1, 2017 membership consisted of:	
Retired employees and beneficiaries	263
Terminated Participants with deferred benefits	32
Nonvested terminated participants entitled to a refund	0
All other employees with vested employer provided benefits	111
TOTAL	406

The payroll for the employees covered by the City Employee Pension Plan for the year ended December 31, 2016 was \$6,613,621. The total payroll was \$7,508,523.

D. Contributions

The recommended contributions consist of normal costs which includes allowance for plan expenses, and amortization of any unfunded liability. The normal cost is associated with the actuarial liability for future years. This cost is the present value at the current age of the projected benefit, based on actuarial assumptions, discounted from the assumed retirement age, divided by the participant's total expected years of credited service at the assumed retirement age. The considered payroll as of January 1, 2017 for participants under normal retirement age is \$6,613,621.

City Council has authority to establish and amend contribution requirements.

Contributions made for the City Pension Plan totaled \$4,031,911 (\$3,590,322 employer, \$441,589 employee). The employer contribution was equivalent to 54.3% of annual covered payroll and the employee contributions were the equivalent of 6.7% of annual covered payroll, respectively.

E. Actuarial Methods and Assumptions.

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

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

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2014-December 31, 2014.

Actuarial Methods and Significant Assumptions
Used to Determine the Annual Required Contributions

Actuarial Assumptions:	
Investment Rate of Return	7.75 % Compounded Annually (changed from 8.25% effective Jan 1, 2009)
Salary Scale/ Inflation Rate	3.0% Per Year (changed from 5% effective Jan. 1, 2005)
Mortality	Police and Firefighters: RP-2014 Blue Collar Mortality Table with generational mortality projection using Scale MP-2015 All Other Participants: RP-2014 Combined Healthy Mortality Table with generational mortality projections using Scale MP-2015
Cost of Living Adjustments	None

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	J.P. Morgan 5-Year Average Expected Return for Asset Class*
Domestic Equities	26.0%	9.22%
Global/International Equities	24.7%	9.27%
Domestic Fixed Income	17.9%	5.19%
International Fixed Income	4.8%	6.83%
Real Estate	12.7%	8.64%
Private Equity	4.1%	11.00%
Cash	1.7%	2.00%
Aetna Account	8.1%	3.44%

* Return expectations are based on the JP Morgan Long-Term Capital Market Return Assumptions 2016 Edition as of 09/30/2015.

F. Discount Rate

A single discount rate of 7.75% was used to measure the total pension liability as of January 1, 2015 and January 1, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75% and a municipal bond rate of 3.57% (based on the 20-year Bond Buyer GO Index as of the end of December 2015). Similarly, the municipal bond rate based on the 20-year Bond Buyer GO Index as of the end of December 2014 was 3.56%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary

net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. The projection of cash flows used to determine the single discount rate for each fiscal year end assumed that employer contributions will be made based on the current funding policy for future years.

G. Schedule of Changes in Net Pension Liability

The following charts summarize the changes in the key items during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
January 1, 2015	\$ 87,257,281	\$ 61,222,557	\$ 26,034,724
Service Cost	556,392		556,392
Interest	6,569,255		6,569,255
Changes in benefit terms	-		-
Changes in assumptions	3,000,205		3,000,205
Differences between expected and actual experience	344,624		344,624
Benefit Payments	(5,080,220)	(5,080,220)	-
Contributions - Employer		3,590,325	(3,590,325)
Contributions - Employee		486,834	(486,834)
Administrative expenses		(237,060)	237,060
Net investment income		699,438	(699,438)
Expected investment earnings	4,688,092		
Differences between expected and actual earnings	(3,988,654)		
Net Change		5,390,256.00	(540,683.00)
December 31, 2015	\$ 92,647,537	\$ 60,681,874	\$ 31,965,663

Sensitivity of Net Pension Liability to changes in Discount Rate

The following presents the net pension liability of the City calculated using a discount rate of 7.75 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City’s Net Pension Liability	\$40,955,585	\$31,965,663	\$24,247,321

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position as of January 1, 2017 is available on Exhibit 10.

H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized pension expense of \$5,595,772. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Deferred Outflows/Inflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 89,347	\$ -
Changes of assumptions	777,831	-
Net difference between projected and actual earnings on pension plan investments	3,588,750	-
Employer contributions subsequent to the measurement date	<u>3,602,211</u>	<u>-</u>
Total	<u>\$ 8,058,139</u>	<u>\$ -</u>

\$3,602,211 reported as deferred outflows of resources related to pensions resulting from City contributions to the plan subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Outflows/Inflows
2017	\$1,797,518
2018	930,340
2019	930,340
2020	797,730
2021	0
Thereafter	0

The City of Grand Forks Pension Plan actuarial report is prepared by Deloitte Consulting LLP and is available in the City Auditor’s Office and can be obtained by writing to City of Grand Forks, 255 N 4th St., Grand Forks, ND 58206-5200.

Defined Contribution Plan

Plan description - Effective January 1, 1997, the City of Grand Forks, North Dakota established a tax qualified defined contribution plan, named as the City of Grand Forks, North Dakota Retirement Savings Plan, for the benefit of eligible employees (employees hired after January 1, 1996 and prior to July 1, 2008). In 2008, when the City joined NDPERS, participants in this plan were given the opportunity to change plans and most did switch to the NDPERS defined benefit plan. All classified employees hired since July 1, 2008 participate in the NDPERS plan. There are only two active participants in this plan.

On May 16, 2016 the City Council passed a resolution calling for the termination of this plan as of June 30, 2016, due to the low number of participants. With the termination of this plan, funds were be required to be distributed to participants according to IRS guidelines.

Post Employment Benefits

The City participates in the Post Employment Health Plan for Public Employees. The PEHP is a Defined Contribution Health Reimbursement Arrangement (HRA). The plan provides postemployment reimbursements of qualifying medical care expenses for the benefit of employees and their dependents. The City Council established this plan and has agreed to make contributions

pursuant to the plan on behalf of employees on a pay-as-you-go basis. The City Council has the authority to amend the plan and the contribution requirements by resolution.

The contributions are held in trust by the LaSalle National Bank as trustee of the PEHP for the exclusive benefit of the plan participants and their qualified dependents. Nationwide Retirement Solutions, Inc. is the administrator for the Post Employment Health Plan. The City contributed \$225,762 for the plan year ended December 31, 2016. Total market value of plan assets as of December 31, 2016 was \$3,919,863.

North Dakota Public Employees' Retirement System

General Information about the Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

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

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than

three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 25 months of service – Greater of two percent of monthly salary or \$25
- 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 City reported a net pension liability of \$19,381,693 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 1.988687 percent, which is an increase of 0.151396 percent from its proportion measured at June 30, 2015.

For the year ended 12/31/16 the Employer recognized pension expense of \$3,385,547. At 12/31/16, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience	\$	291,154	\$	179,458
Changes of assumptions		1,786,745		962,882
Net difference between projected and actual earnings on pension plan investments		2,704,025		-
Changes in proportion and differences between employer contributions and proportionate share of contributions Employer contributions subsequent to the measurement date		932,062		21,024
		<u>1,118,238</u>		<u>-</u>
Total	\$	<u>6,832,224</u>	\$	<u>1,163,364</u>

\$1,118,238 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

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

Year ending June 30:	
2017	\$ 861,005
2018	861,005
2019	1,450,881
2020	1,001,904
2021	375,827
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	4.00% per annum
Investment rate of return	8.0%, net of investment expenses
Cost-of-living adjustments	None

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

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

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the

actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, 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	31.00%	6.60%
International Equity	21.00%	7.30%
Private Equity	5.00%	10.90%
Domestic Fixed Income	17.00%	1.49%
International Fixed Income	5.00%	-0.45%
Global Real Assets	20.00%	5.24%
Cash Equivalents	1.00%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 8 percent as of June 30, 2016. 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, 2016, and July 1, 2015, PERS Actuarial Valuation Reports. 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, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments for current plan members. 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, 2016.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City’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 the net pension liability	\$ 27,492,557	\$ 19,381,693	\$ 12,547,869

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

F. Concentration

Approximately 22.4% of the City's sewer operating revenue is derived from sewer utility charges to J.R. Simplot, a food and agri-business corporation.

G. Tax Exemptions / Abatements

As of December 31, 2016, the City of Grand Forks provides property tax exemptions under 16 programs/categories for property within the City limits: The New Home Builder, New Home Buyer, New and Expanding Business, Payment in Lieu of Tax, Commercial Remodel, Child Care Facilities, Residential Remodel, Renaissance Zone, Tax Increment Finance, Blind property owner, Charitable Organization, Renewable Energy, Group Homes, Housing Authority, Religious Organizations, and Wheel Chair property owner. All of these programs reduce the taxable value of the property by the applicable, or negotiated, dollar amount, therefore lowering the respective real estate taxes due on the property in question.

The New Home Builder exemption exempts new single family residential properties from property taxes for the taxable year in which construction began and the next two taxable years, if the property remains owned by the builder, remains unoccupied, and other conditions are met. This exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-42, with resolution passed by the City on January 1st 2009.

The New Home Buyer exemption includes the exemption from property taxes for up to \$150,000 of the true and full value of all new occupied single family and condominium and townhouse residential property for the first two taxable years after the taxable year in which construction is completed and the residence is occupied for the first time. This exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-35, with resolution passed by the City on January 1st 2009.

The New and Expanding Business exemption may include partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements for up to five years from the date of commencement of the project. Agricultural related projects may extend for up to ten years from the date of commencement. This exemption is provided under the authority of the State of North Dakota's Century Code 40-57.1, with resolution passed by the City on an individual basis.

Payment in Lieu of Tax agreement allows the City to accept a negotiated amount due as payment in lieu of ad valorem taxes on buildings, structures, fixtures and improvements used in the operation of a project for up to twenty years from the date of commencement of a project. This exemption is provided under the authority of the State of North Dakota's Century Code 40-57.1, with resolution passed by the City on an individual basis.

The Commercial Remodel exemption includes an exemption in property taxes, in whole or in part, for property whose market value increases by at least ten percent, or five-thousand dollars, whichever is less, due to a renovation or remodeling project of an existing commercial building, for up to five years upon receipt of an application for exemption. The maximum exemption allowable for a commercial property is the sum of one-million dollars representing an increase in market value due to renovation, remodeling or alterations. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02.2 and 57-02.3, with resolution passed by the City in 1995, and amended in 2009.

The property tax exemption for child care facilities includes fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under chapter 50-11.1 of the North Dakota Century Code, or used primarily as an adult day care center. However, this exemption is not available for property used as a residence. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-36 and resolution passed by the City.

The Residential Remodel exemption includes an exemption in property taxes, in whole or in part, for property whose market value increases by at least ten percent, or five-thousand dollars, whichever is less, due to a renovation or remodeling project of an existing residential building, for up to five years upon receipt of an application for exemption. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02.2 and 57-02.3, with resolution passed by the City in 1995, and amended in 2009.

The Renaissance Zone exemption includes a five-year, 100% property tax exemption on the added value of new construction, remodel or major rehabilitation on an existing building for property within the designated Renaissance Zone. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02.2, and the City's Renaissance Zone Plan passed in 2001, and amended in 2016.

Tax Increment Financing is available for new development or renewal area upon completion of a development or renewal plan by the City, for up to twenty five taxable years. The exemption is provided under the authority of the State of North Dakota's Century Code 40-58-20, with resolution by the City passed on an individual basis.

The property tax exemption for owners who are blind includes all or any part of fixtures, buildings, and improvements upon any nonfarm land up to a taxable valuation of seven thousand two hundred dollars, owned and occupied as a home by a blind person. Residential homes owned by the spouse of a blind person, or jointly owned by a blind person and spouse, shall also be exempt within the limits of this subsection as long as the blind person resides in the home. For purposes of this subsection, a blind person is defined as one who is totally blind, has visual acuity of not more than 20/200 in the better eye with correction, or whose vision is limited in field so that the widest diameter subtends an angle no greater than twenty degrees. The exemption provided by this subsection extends to the entire building classified as residential, and owned and occupied as a residence by a person who qualifies for the exemption as long as the building contains no more than two apartments or rental units which are leased. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-22.

The property tax exemption for charitable organizations includes all buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land actually occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-08.

The property tax exemption for renewable energy include the installations, machinery, and equipment of systems in new or existing buildings or structures, designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, or to store any of these, by utilization of solar, wind, or geothermal energy; provided, that if the solar, wind, or geothermal energy device is part of a system which uses other means of energy, only that portion Page No. 9 of the total system directly attributable to solar, wind, or geothermal energy shall be exempt. Provided, however, that any exemptions granted by this subsection shall be valid for a five-year period following installation of any such system and apply only to locally assessed property. For the purposes of this subsection, solar or wind energy devices shall have the meaning provided in section 57-38-01.8 and geothermal energy device means a system or mechanism or series of mechanisms designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, by a method which extracts or converts the energy naturally occurring beneath the earth's surface in rock structures, water, or steam. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-27.

The property tax exemption for group homes includes all group homes owned by nonprofit corporations, not organized with a view to profit and recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code [26 U.S.C. 501(c)(3)], including those for persons with developmental disabilities as defined in section 25-01.2-01, and the real property upon which they are located during the period in which the group homes are under construction or in a remodeling phase and while they are used as group homes. For the purposes of this subsection, the term "group home" means a community-based residential home which provides room and board, personal care, habilitation services, or supervision in a family environment, and which, once established is licensed by the appropriate North Dakota licensing authority. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-31.

The property of the Housing Authority used for low-income housing, authority administration, or other property solely owned by the authority and used to conduct the powers granted to the authority in this chapter, including an authority created under Indian laws recognized by the federal government, is declared to be public property used for essential public and governmental purposes and is exempt from all taxes and special assessments of the state or any political subdivision. Notwithstanding any other provision of law, the property of an authority used for moderate income housing is exempt from all taxes of the state or any political subdivision except special assessments unless specifically exempted from the special assessment by the political subdivision. The exemption is provided under the authority of State of North Dakota's Century Code 23-11-29.

Property tax exemptions for property owned by a religious organization includes all buildings owned by any religious corporation or organization and used for the religious purposes of the organization, and if on the same parcel, dwellings with usual outbuildings, intended and ordinarily used for the residence of the bishop, priest, rector, or other minister in charge of services, land directly under and within the perimeter of those buildings, improved off-street parking or reasonable landscaping or sidewalk area adjoining the main church building, and up to a maximum of five additional acres [2.02 hectares] must be deemed to be property used exclusively for religious purposes, and exempt from taxation, whether the real property consists of one tract or more. If the residence of the bishop, priest, rector, or other minister in charge of services is located on property not adjacent to the church, that residence with usual outbuildings and land on which it is located, up to two acres [.81 hectare], is exempt from taxation. Also, the exemption for a building used for the religious purposes of the owner continues to be in effect if the building in whole, or in part, is rented to another otherwise tax-exempt corporation or organization, provided no profit is realized from the rent. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-09.

Property tax exemptions for property owners includes fixtures, buildings, and improvements up to the amount of valuation specified, when owned and occupied as a homestead, as hereinafter defined, by any permanently and totally disabled person who is permanently confined to use of a wheelchair, or, if deceased, the unmarried surviving spouse of a permanently and totally disabled person. If the spouse of a permanently and totally disabled person owns the homestead or if it is jointly owned by them, the same reduction in assessed valuation applies as long as both reside thereon. The provisions of this subdivision do not reduce the liability for special assessments levied upon the homestead. The phrase "permanently confined to use of a wheelchair" means that the person cannot walk with the assistance of crutches or any other device and will never be able to do so and that a physician selected by the local governing board has so certified. The exemption is provided under the authority of the State of North Dakota's Century Code 57-02-08-20.

Tax Exemption Program	Amount of Tax Exempted During the Fiscal Year
New Home Builder	\$ 51,285
New Home Buyer	161,501
New/Expanding Business	127,745
Payment in Lieu of Tax	7,343
Commercial Remodel	72,570
Child Care Facilities	11,989
Residential Remodel	38,971
Renaissance Zone	7,709
Tax Increment Financing	14,922
Total City Exemptions	\$ 494,035

State of North Dakota Tax Exemptions

City property tax revenues were reduced by \$1,232,525 under agreements entered into by the State of North Dakota.

H. Subsequent Events

In May of 2017, the City authorized the issuance of \$66 million of Water Reserve Revenue Bonds, Series 2017A to finance the construction of the Grand Forks Regional Water Treatment Plant through the North Dakota State Department of Health, approved by the North Dakota Public Finance Authority to utilize their low interest bond program (State Revolving Loan Fund) that offers a 2% interest rate and term of 30 years.

These funds are drawn down as needed and the City will only pay interest on the outstanding amount until the completion of the project.

CITY OF GRAND FORKS, NORTH DAKOTA
Required Supplementary Information
Pension Trust Fund

December 31, 2016

**Schedule of Changes in the City's Net Pension Liability
and Related Ratios Single Employer Plan**
Last 10 Fiscal Years*

	2015	2016
Total Pension Liability		
Service Cost	\$ 50,331	\$ 556,392
Interest	6,444,944	6,569,255
Changes of benefit Terms	-	-
Differences between expected and actual experience	-	344,624
Changes of assumptions	-	3,000,205
Benefit payments, including refunds of employee contributions	(4,709,238)	(5,080,220)
Net change in total pension liability	1,786,037	5,390,256
Total pension liability - beginning	85,471,244	87,257,281
Total pension liability - ending (a)	\$ 87,257,281	\$ 92,647,537
Plan fiduciary net position		
Contributions - employer	\$ 3,583,317	\$ 3,590,325
Contributions - employee	497,997	486,834
Net Investment Income	3,814,150	699,438
Benefit payments, including refunds of employee contributions	(4,709,238)	(5,080,220)
Administrative expenses	(286,387)	(237,060)
Other	-	-
Net change in plan fiduciary net position	2,899,839	(540,683)
Plan fiduciary net position - beginning	58,322,718	61,222,557
Plan fiduciary net position - ending (b)	\$ 61,222,557	\$ 60,681,874
City's net pension liability - ending (a)-(b)	\$ 26,034,724	\$ 31,965,663
Plan fiduciary net position as a percentage of the total pension liability	70%	65%
Covered-employee payroll	\$ 7,953,162	\$ 7,540,235
City's net pension liability as a percentage of covered-employee payroll	327%	424%

Notes to Schedule: The City implemented GASB Statement No.68 for its year ended December 31, 2015. Information for prior years is not available.

Schedule of Employer Contribution
Last 10 Fiscal Years*

	1/1/2016	1/1/2017
Actuarially Determined Contribution	\$ 3,457,816	\$ 3,325,061
Contributions in relation to the actuarially determined contribution	\$ (3,590,325)	\$ (3,590,322)
Contribution deficiency (excesses)	\$ (132,509)	\$ (265,261)
Employer's covered-employee payroll	\$ 7,540,235	\$ 6,613,621
Contributions as a percentage of covered-employee	47.6%	54.3%

Notes to Schedule:

Valuation date: December 31, 2015
Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:
Actuarial cost method: Entry Age Actuarial Cost Method
Amortization method: Level dollar over a thirty year period beginning January 1, 2005 through December 2034
Remaining amortization period: 18 years
Asset valuation method: Market value of assets plus contributions receivable
Salary Scale/Inflation: 3.0%
Investment rate of return : 7.75%, Compounded Annually
Retirement age: Contributions are based on retirement age selected by participant (for the retirement with full benefits). Age 55 – 7.4%, Age 62 – 4.7%, Age 65 – 3.7%.
Mortality: Police and Firefighters: RP-2014 Blue Collar Mortality Table with generational mortality projection using Scale MP-2015
All Other Participants: RP-2014 Combined Healthy Mortality Table with generational mortality projections using Scale MP-2015

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

CITY OF GRAND FORKS, NORTH DAKOTA
Required Supplementary Information
Pension Trust Fund

December 31, 2016

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

	As of a measurement date of 06/30/2015	As of a measurement date of 06/30/2016
Employer's proportion of the net pension liability (asset)	1.837291%	1.988687%
Employer's proportionate share of the net pension liability (asset)	\$ 12,892,267	\$ 19,381,693
Employer's covered-employee payroll	\$ 16,890,785	\$ 20,041,274
Employer's share of net pension liability (asset) as a percentage of its covered-employee payroll	76%	97%
Plan fiduciary net position as a percentage of the total pension liability	77%	70%

The amounts presented for each fiscal year were determined as of the measurement date of the City's net pension liability which is June 30, of the previous year for NDPERS.

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

Schedule of Employer Contribution
Last 10 Fiscal Years*

	12/31/2015	12/31/2016
Contribution	\$ 1,586,546.00	\$ 1,726,238.00
Contributions in relation to the required contribution	\$ (1,586,546.00)	\$ 1,726,238.00
Contribution deficiency (excesses)	\$ -	\$ -
Employer's covered-employee payroll	\$ 18,644,665.00	\$ 20,281,722.00
Contributions as a percentage of covered-employee payroll	8.51%	8.51%

The amounts presented for each fiscal year were determined as of the City's year end which is December 31

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

NOTE 2 CHANGES OF ASSUMPTIONS – PERS

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2016 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.

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS

A-1

DECEMBER 31, 2016

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Non-Major Capital Project Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,610,850	\$ 596,612	\$ 3,883,150	\$ 10,090,612
Investments	4,500,000	3,473,052	3,419,933	11,392,985
Receivables, net:				
Accounts	80,160	1,105		81,265
Special assessments (including liens)		3,008	56,029	59,037
Special assessments-uncertified			1,872,129	1,872,129
Property taxes	46,092	14,464		60,556
Sales tax	159,465			159,465
Notes	2,051,540			2,051,540
Intergovernmental	629,600			629,600
Due from other funds	899,985			899,985
Total assets	<u>\$ 13,977,692</u>	<u>\$ 4,088,241</u>	<u>\$ 9,231,241</u>	<u>\$ 27,297,174</u>
LIABILITIES				
Accounts payable	\$ 371,708	\$ -	\$ 1,450	\$ 373,158
Contracts payable				-
Due to other funds	90,000			90,000
Advances from other funds	228,253	9,901		238,154
Unearned income	2,158,124			2,158,124
Total liabilities	<u>2,848,085</u>	<u>9,901</u>	<u>1,450</u>	<u>2,859,436</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	38,036	12,277		50,313
Unavailable revenue-special assessments		3,008	1,928,158	1,931,166
Total deferred inflows of resources	<u>38,036</u>	<u>15,285</u>	<u>1,928,158</u>	<u>1,981,479</u>
FUND BALANCES				
Restricted	11,091,571	4,063,055	2,770,555	17,925,181
Committed			4,531,078	4,531,078
Total Fund Balances	<u>11,091,571</u>	<u>4,063,055</u>	<u>7,301,633</u>	<u>22,456,259</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 13,977,692</u>	<u>\$ 4,088,241</u>	<u>\$ 9,231,241</u>	<u>\$ 27,297,174</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS

A-2

FOR THE YEAR ENDED DECEMBER 31, 2016

	Non-Major Special Revenue	Non-Major Debt Service	Non-Major Capital Projects	Total Non-major Governmental Funds
Revenues:				
Taxes:				
Property	\$ 3,175,038	\$ 1,004,195	\$	\$ 4,179,233
Sales	2,143,371			2,143,371
Intergovernmental	3,554,383	27,467		3,581,850
Charges for services	1,339,708			1,339,708
Special assessments		31,117	264,566	295,683
Fines and forfeits	36,260			36,260
Interest	99,371	28,096	64,892	192,359
Miscellaneous	49,899			49,899
Total Revenues	10,398,030	1,090,875	329,458	11,818,363
Expenditures:				
Current:				
General government	3,649,530	21,502		3,671,032
Health & welfare	1,049,333			1,049,333
Public safety	2,880,671			2,880,671
Culture & recreation	2,327,625			2,327,625
Capital outlay	1,688,288		298,193	1,986,481
Debt service:				
Issuance costs		59,748		59,748
Principal retirement		2,944,174		2,944,174
Interest and fiscal charges	7,602	614,068		621,670
Total Expenditures	11,603,049	3,639,492	298,193	15,540,734
Excess (Deficiency) of Revenues Over Expenditures	(1,205,019)	(2,548,617)	31,265	(3,722,371)
Other Financing Sources (Uses):				
Issuance of bonds		2,735,000		2,735,000
Redemption of refunded bonds		(860,000)		(860,000)
Bond (discount) premium		241,131		241,131
Sale of capital assets	45,047			45,047
Transfers in	2,439,882	3,715,412	1,035,979	7,191,273
Transfers out	(1,298,757)	(1,184,834)	(612,854)	(3,096,445)
Total Other Financing Sources (Uses)	1,186,172	4,646,709	423,125	6,256,006
Net change in fund balances	(18,847)	2,098,092	454,390	2,533,635
Fund balance Beginning	11,110,418	1,964,963	6,847,243	19,922,624
Fund Balances Ending	\$ 11,091,571	\$ 4,063,055	\$ 7,301,633	\$ 22,456,259

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds. Account for the proceeds of specific revenue (other than those for major capital projects) that are restricted legally to expenditure for specified purposes. Additional information is provided below for some of the significant funds in this category.

Emergency Levy

This is a fund to account for the receipts and disbursement of funds for use in the event of an emergency. Property taxes are levied in accordance with State Law Sec. 57-15-48 and limited to unexpended funds equal to five dollars per capita or five mills on the taxable valuation of the City, whichever is greater.

Municipal Band

This is a fund to account for the receipt and disbursement of funds for City's Municipal Band. Municipal Band provides musical entertainment for the citizens of Grand Forks. Funds are allocated from the city's property tax levy.

Public Building Fund

This is a fund to receive and disburse funds provided by a specific tax levy for building repair and construction. Property taxes are levied in accordance with State Law Sec. 57-15-44.

Library

This is a fund to account for the operation and maintenance of the City's Library. Financing is provided by a specific annual property tax levy, in accordance with State Law Sec. 40-38-02 to the extent that miscellaneous revenues are not sufficient to provide adequate financing.

Library Capital Maintenance Fund

This is a fund to account for the monies set aside from Library Fund to purchase library books, computer equipment and other capital items.

Health, Fire and Police Grants Funds

These funds receive and disburse federal and state grants for the health and the public safety functions.

Special Grants Fund

This is a fund to receive and disburse federal and state grants for Historic Preservation activities and for the Community Violence Intervention Center that administers the Edward Byrne Formula Grant and The US Department of Justice, Office of Justice Programs grant to Encourage Arrest Policies.

Asset Forfeiture Fund

This fund accounts for assets confiscated through law enforcement activities.

City Share of Special Improvements

This is a fund to receive and disburse funds provided by a specific levy for payment of the City's share of special improvements. Property taxes are levied in accordance with State Law Sec. 40-24-10.

City Special Assessment Fund

This is a fund to receive and disburse funds provided by a specific levy for payment of special assessments on city owned property. Property taxes are levied in accordance with State Law Sec. 40-24-10.

Insurance Reserve Fund

This is a fund to receive and disburse funds provided by a specific tax levy to pay insurance premium to North Dakota Insurance Reserve Fund for general liability, public officials error and omissions and auto and inland marine coverage for the City. Property taxes are levied in accordance with State Law Sec. 57-15-10(4).

Noxious Weeds

This is a fund to receive and disburse funds provided by a specific mill levy. These funds are to be used for destruction of all known weeds within the City of Grand Forks.

E-911

This is a fund to receive and disburse funds collected through a telephone surcharge for the purpose of furnishing enhanced 911- system service to the city.

Economic Development Sales Tax

This is a fund to receive and disburse the portion of the funds provided by the City sales tax set aside for economic development expenditures as designated by the City Council. Sales tax is levied in accordance with the City's Home Rule Charter.

Public Safety Answering Point

This is a fund to receive and disburse funds collected from charges to various governmental and private entities for the purpose of furnishing a central communication center.

Community Development

This fund is used to account for the receipt and disbursement of funds for Community Development block grants, HOME funds and HUD Special Purpose Grants.



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FOR NOTES

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS

B-1

DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Emergency Levy	Municipal Band	Public Building Fund	Library
ASSETS				
Cash and cash equivalents	\$ 443,482	\$ 4,228	\$ 579,623	\$ 949,032
Investments				
Receivables (Net of allowances for uncollectibles):				
Accounts				
Notes				
Taxes:				
Property	1,347	271	9,053	24,536
Sales				
Intergovernmental:				
State of North Dakota				10,000
Federal				
Grand Forks County				92,438
Due from other funds			49,700	
Total Assets	\$ 444,829	\$ 4,499	\$ 638,376	\$ 1,076,006
LIABILITIES				
Accounts payable				\$ 7,619
Contracts payable and retainage				
Due to other funds				
Advances from other funds				
Unearned Income				
Total Liabilities				7,619
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 1,133	\$ 208	6,935	20,826
Total Deferred Inflows of Resources	1,133	208	6,935	20,826
FUND BALANCES				
Restricted fund balance	443,696	4,291	631,441	1,047,561
Total Fund Balances	443,696	4,291	631,441	1,047,561
Total liabilities, deferred inflows of resources and fund balance	\$ 444,829	\$ 4,499	\$ 638,376	\$ 1,076,006

Continued

Library Capital Mtce.	Special Grants Fire	Special Grants Police	Special Grants Health	Special Grants	Asset Forfeiture	City's Share Of Special Improvements
\$ 234,076	\$ 58	\$ 2,213	\$ 354,696	\$ 22,599	\$ 44,709	\$ 35,563
			9,045	98		
		19,767 63,483	70,703	8,662 210,667		
<u>\$ 234,076</u>	<u>\$ 58</u>	<u>\$ 85,463</u>	<u>\$ 434,444</u>	<u>\$ 242,026</u>	<u>\$ 44,709</u>	<u>\$ 35,563</u>
		\$ 10,487	\$ -	\$ 185,968		
	\$ -	35,000		55,000		
		45,487		240,968		
						\$ -
\$ 234,076	58	39,976	434,444	1,058	\$ 44,709	35,563
234,076	58	39,976	434,444	1,058	44,709	35,563
<u>\$ 234,076</u>	<u>\$ 58</u>	<u>\$ 85,463</u>	<u>\$ 434,444</u>	<u>\$ 242,026</u>	<u>\$ 44,709</u>	<u>\$ 35,563</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS

B-1

DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	City Special Assessment Fund	Insurance Reserve Fund	Noxious Weed Control	E-911 System
ASSETS				
Cash and cash equivalents	\$ 374,565	\$ 610	\$ 14,027	\$ 582,930
Investments				
Receivables (Net of allowances for uncollectibles):				
Accounts				68,277
Notes				
Taxes:				
Property	7,196	3,632	57	
Sales				
Intergovernmental:				
State of North Dakota				
Federal				
Grand Forks County				
Due from other funds				
Total Assets	\$ 381,761	\$ 4,242	\$ 14,084	\$ 651,207
LIABILITIES AND FUND BALANCES				
Accounts payable				\$ 26,589
Contracts payable and retainage				
Due to other funds		\$ -		
Advances from other funds				228,253
Unearned Income				
Total Liabilities				254,842
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 6,108	2,782	\$ 44	
Total Deferred Inflows of Resources	6,108	2,782	44	
Fund Balances:				
Restricted fund balance	375,653	1,460	14,040	396,365
Total Fund Balances	375,653	1,460	14,040	396,365
Total liabilities, deferred inflows of resources and fund balance	\$ 381,761	\$ 4,242	\$ 14,084	\$ 651,207

Continued

Economic Development Sales Tax	Public Service Answering Point	Community Enhancement	Community Development	2016 Total	2015 Total
\$ 1,062,650 3,500,000	\$ 329,691	\$ 316	\$ 575,782 1,000,000	\$ 5,610,850 4,500,000	\$ 4,261,817 5,800,000
12,740			2,051,540	90,160 2,051,540	219,920 2,318,559
159,465				46,092 159,465	37,900 160,822
850,285			143,880	109,132 418,030 92,438 899,985	639,520 172,776 83,998 915,174
<u>\$ 5,585,140</u>	<u>\$ 329,691</u>	<u>\$ 316</u>	<u>\$ 3,771,202</u>	<u>\$ 13,977,692</u>	<u>\$ 14,610,486</u>
\$ 13,357	\$ -		\$ 127,688	\$ 371,708	\$ 360,043 183,180 49,000 260,622
			2,158,124	2,158,124	2,617,780
<u>13,357</u>			<u>2,285,812</u>	<u>2,848,085</u>	<u>3,470,625</u>
				38,036	29,443
				38,036	29,443
<u>5,571,783</u>	<u>329,691</u>	<u>\$ 316</u>	<u>1,485,390</u>	<u>11,091,571</u>	<u>11,110,418</u>
<u>5,571,783</u>	<u>329,691</u>	<u>316</u>	<u>1,485,390</u>	<u>11,091,571</u>	<u>11,110,418</u>
<u>\$ 5,585,140</u>	<u>\$ 329,691</u>	<u>\$ 316</u>	<u>\$ 3,771,202</u>	<u>\$ 13,977,692</u>	<u>\$ 14,610,486</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS

B-2

FOR THE YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Emergency Levy	Municipal Band	Public Building Fund	Library
REVENUES				
Taxes:				
Property	\$ 93,094	\$ 18,762	\$ 624,500	\$ 1,688,383
Sales				
Intergovernmental	2,592	463	34,408	793,890
Charges for services				49,348
Fines and forfeits				
Interest	3,909	52	8,440	14,143
Miscellaneous			233	4,420
	<u>99,595</u>	<u>19,277</u>	<u>667,581</u>	<u>2,550,184</u>
EXPENDITURES				
Current:				
General government			45,797	
Health & welfare				
Public safety	37			
Culture & recreation		19,329		2,216,276
Capital outlay	3,348		941,494	233,154
Debt service:				
Interest and fiscal charges				
	<u>3,385</u>	<u>19,329</u>	<u>987,291</u>	<u>2,449,430</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>96,210</u>	<u>(52)</u>	<u>(319,710)</u>	<u>100,754</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				
Transfers in			553,647	
Transfers out	(48,331)		(441,802)	
Total Other Financing Sources (Uses)	<u>(48,331)</u>		<u>111,845</u>	
Net change in fund balances	47,879	(52)	(207,865)	100,754
Fund Balances - Beginning	395,817	4,343	839,306	946,807
Fund Balances Ending	<u>\$ 443,696</u>	<u>\$ 4,291</u>	<u>\$ 631,441</u>	<u>\$ 1,047,561</u>

Continued

Library Capital Maintenance	Special Grants Fire	Special Grants Police	Special Grants Health	Special Grants Other
\$ -	\$ -	\$ -	\$ -	\$ -
	116,383	395,596	1,115,059 139,000	630,215
2,602			11,788	(121) 17,776
<u>2,602</u>	<u>116,383</u>	<u>395,596</u>	<u>1,265,847</u>	<u>647,870</u>
			1,046,523	
55,351	109,621	328,329		611,341
51,337	6,762	73,479	14,357	36,669 70
<u>106,688</u>	<u>116,383</u>	<u>401,808</u>	<u>1,060,880</u>	<u>648,080</u>
<u>(104,086)</u>		<u>(6,212)</u>	<u>204,967</u>	<u>(210)</u>
		12,781	(115,000)	
		12,781	(115,000)	
(104,086)		6,569	89,967	(210)
338,162	58	33,407	344,477	1,268
<u>\$ 234,076</u>	<u>\$ 58</u>	<u>\$ 39,976</u>	<u>\$ 434,444</u>	<u>\$ 1,058</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS

B-2 (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Asset Forfeiture	City's Share Of Special Improvements	City Special Assessment Fund	Insurance Reserve Fund
REVENUES				
Taxes:				
Property	\$ -	\$ 128	\$ 495,594	\$ 250,559
Sales				
Intergovernmental		14	13,641	6,165
Charges for services			8,568	
Fines and forfeits	36,260			
Interest	261	345	2,748	(767)
Miscellaneous				
Total Revenues	36,521	487	520,551	255,957
EXPENDITURES				
Current:				
General government			374,248	326,398
Health & welfare				
Public safety	6,411			
Culture & recreation				
Capital outlay	4,257			
Debt service:				
Interest and fiscal charges				
Total Expenditures	10,668		374,248	326,398
Excess (Deficiency) of Revenues Over Expenditures	25,853	487	146,303	(70,441)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				
Transfers in				71,802
Transfers out			(25,000)	
Total Other Financing Sources (Uses)			(25,000)	71,802
Net change in fund balances	25,853	487	121,303	1,361
Fund Balances - Beginning	18,856	35,076	254,350	99
Fund Balances Ending	\$ 44,709	\$ 35,563	\$ 375,653	\$ 1,460

Continued

Noxious Weed Control	E-911 System	Economic Development Sales Tax	Community Enhancement	Public Service Answering Point
\$ 4,018	\$ -	\$ -	\$ -	\$ -
98	752,768	2,143,371		372,272
133	4,189	17,752	3	2,233
	208	37,189		1,188
<u>4,249</u>	<u>757,165</u>	<u>2,216,294</u>	<u>3</u>	<u>375,693</u>
2,810	437,356	1,011,331		1,387,576
	359,651			379
	7,602			
<u>2,810</u>	<u>804,609</u>	<u>1,011,331</u>		<u>1,387,955</u>
<u>1,439</u>	<u>(47,444)</u>	<u>1,204,963</u>	<u>3</u>	<u>(1,012,262)</u>
	400,000			1,075,531
	(195,904)	(472,720)		
	204,096	(472,720)		1,075,531
1,439	156,652	732,243	3	63,269
12,601	239,713	4,839,540	313	266,422
<u>\$ 14,040</u>	<u>\$ 396,365</u>	<u>\$ 5,571,783</u>	<u>\$ 316</u>	<u>\$ 329,691</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS

B-2 (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Community Development	2016 Total	2015 Total
REVENUES			
Taxes:			
Property	\$ -	\$ 3,175,038	\$ 2,965,134
Sales		2,143,371	2,222,689
Intergovernmental	435,859	3,544,383	5,108,309
Charges for services		1,339,708	1,187,629
Fines and forfeits		36,260	1,589
Interest	24,012	99,371	58,044
Miscellaneous	6,304	59,899	77,070
Total Revenues	466,175	10,398,030	11,620,464
EXPENDITURES			
Current:			
General government	1,891,756	3,649,530	4,762,114
Health & welfare		1,049,333	1,136,906
Public safety		2,880,671	2,745,462
Culture & recreation		2,327,625	2,226,502
Capital outlay		1,688,288	2,814,529
Debt service:			
Interest and fiscal charges		7,602	8,702
Total Expenditures	1,891,756	11,603,049	13,694,215
Excess (Deficiency) of Revenues Over Expenditures	(1,425,581)	(1,205,019)	(2,073,751)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	45,047	45,047	2,249,875
Transfers in	326,121	2,439,882	1,991,650
Transfers out		(1,298,757)	(19,988,525)
Total Other Financing Sources (Uses)	371,168	1,186,172	(15,747,000)
Net change in fund balances	(1,054,413)	(18,847)	(17,820,751)
Fund Balances - Beginning	2,539,803	11,110,418	28,931,169
Fund Balances - Ending	\$ 1,485,390	\$ 11,091,571	\$ 11,110,418



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CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

B-3

YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Totals for December 31, 2015

	Emergency Levy			Municipal Band		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ 96,663	\$ 93,094	\$ (3,569)	\$ 19,333	\$ 18,762	\$ (571)
Intergovernmental Charges for services	3,150	2,592	(558)	305	463	158
Fines and forfeits						
Interest	3,461	3,909	448	30	52	22
Miscellaneous						
Total Revenues	<u>103,274</u>	<u>99,595</u>	<u>(3,679)</u>	<u>19,668</u>	<u>19,277</u>	<u>(391)</u>
Expenditures:						
Current:						
General government						
Health & welfare						
Public safety	55,847	37	55,810			
Culture & recreation				19,668	19,329	339
Capital outlay		3,348	(3,348)			
Debt service:						
Interest and fiscal charges						
Total Expenditures	<u>55,847</u>	<u>3,385</u>	<u>52,462</u>	<u>19,668</u>	<u>19,329</u>	<u>339</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,427</u>	<u>96,210</u>	<u>48,783</u>		<u>(52)</u>	<u>(52)</u>
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in						
Transfers out	<u>(48,332)</u>	<u>(48,331)</u>	<u>1</u>			
Total Other Financing Sources (Uses)	<u>(48,332)</u>	<u>(48,331)</u>	<u>1</u>			
Net change in fund balances	(905)	47,879	48,784		(52)	(52)
Fund Balances - Beginning	<u>395,817</u>	<u>395,817</u>		<u>4,343</u>	<u>4,343</u>	
Fund Balances - Ending	<u>\$ 394,912</u>	<u>\$ 443,696</u>	<u>\$ 48,784</u>	<u>\$ 4,343</u>	<u>\$ 4,291</u>	<u>\$ (52)</u>

Continued

Economic Development Sales Tax			Public Building Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ 618,934	\$ 624,500	\$ 5,566
2,148,220	2,143,371	(4,849)	11,226	34,408	23,182
20,000	17,752	(2,248)	1,780	8,440	6,660
27,265	37,189	9,924	22,500	233	(22,267)
<u>2,195,485</u>	<u>2,216,294</u>	<u>20,809</u>	<u>654,440</u>	<u>667,581</u>	<u>13,141</u>
1,091,961	1,011,331	80,630	45,797	45,797	
			745,142	941,494	(196,352)
<u>1,091,961</u>	<u>1,011,331</u>	<u>80,630</u>	<u>790,939</u>	<u>987,291</u>	<u>(196,352)</u>
<u>1,103,524</u>	<u>1,204,963</u>	<u>101,439</u>	<u>(136,499)</u>	<u>(319,710)</u>	<u>(183,211)</u>
(1,764,108)	(472,720)	1,291,388	168,647	553,647	385,000
<u>(1,764,108)</u>	<u>(472,720)</u>	<u>1,291,388</u>	<u>(441,802)</u>	<u>(441,802)</u>	<u>385,000</u>
(660,584)	732,243	1,392,827	(273,155)	111,845	385,000
4,839,540	4,839,540		(409,654)	(207,865)	201,789
<u>4,839,540</u>	<u>4,839,540</u>		<u>839,306</u>	<u>839,306</u>	
<u>\$ 4,178,956</u>	<u>\$ 5,571,783</u>	<u>\$ 1,392,827</u>	<u>\$ 429,652</u>	<u>\$ 631,441</u>	<u>\$ 201,789</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

B-3 (Cont'd)

YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Totals for December 31, 2015

	Library			Library Capital Maintenance		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ 1,761,200	\$ 1,688,383	\$ (72,817)	\$ -	\$ -	\$ -
Intergovernmental	744,435	793,890	49,455			
Charges for services	44,200	49,348	5,148			
Fines and forfeits						
Interest	10,000	14,143	4,143	1,000	2,602	1,602
Miscellaneous	4,000	4,420	420			
Total Revenues	<u>2,563,835</u>	<u>2,550,184</u>	<u>(13,651)</u>	<u>1,000</u>	<u>2,602</u>	<u>1,602</u>
Expenditures:						
Current:						
General government						
Health & welfare						
Public safety						
Culture & recreation	2,490,335	2,216,276	274,059	261,000	55,351	205,649
Capital outlay	273,500	233,154	40,346	40,000	51,337	(11,337)
Debt service:						
Interest and fiscal charges						
Total Expenditures	<u>2,763,835</u>	<u>2,449,430</u>	<u>314,405</u>	<u>301,000</u>	<u>106,688</u>	<u>194,312</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,000)</u>	<u>100,754</u>	<u>300,754</u>	<u>(300,000)</u>	<u>(104,086)</u>	<u>195,914</u>
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net change in fund balances	(200,000)	100,754	300,754	(300,000)	(104,086)	195,914
Fund Balances - Beginning	<u>946,807</u>	<u>946,807</u>		<u>338,162</u>	<u>338,162</u>	
Fund Balances Ending	<u>\$ 746,807</u>	<u>\$ 1,047,561</u>	<u>\$ 300,754</u>	<u>\$ 38,162</u>	<u>\$ 234,076</u>	<u>\$ 195,914</u>

Continued

Special Grants - Fire			Special Grants-Police		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	116,383	116,383	451,587	395,596	(55,991)
	<u>116,383</u>	<u>116,383</u>	<u>451,587</u>	<u>395,596</u>	<u>(55,991)</u>
	109,621	(109,621)	448,087	328,329	119,758
	6,762	(6,762)	65,629	73,479	(7,850)
	<u>116,383</u>	<u>(116,383)</u>	<u>513,716</u>	<u>401,808</u>	<u>111,908</u>
			<u>(62,129)</u>	<u>(6,212)</u>	<u>55,917</u>
			12,781	12,781	
			<u>12,781</u>	<u>12,781</u>	
			(49,348)	6,569	55,917
58	58		33,407	33,407	
<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ (15,941)</u>	<u>\$ 39,976</u>	<u>\$ 55,917</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

B-3 (Cont'd)

YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Totals for December 31, 2015

	Special Grants-Health			Special Grants-Other		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,251,396	1,115,059	(136,337)	428,074	630,215	202,141
Charges for services	155,500	139,000	(16,500)			
Fines and forfeits						
Interest					(121)	(121)
Miscellaneous	11,316	11,788	472	19,405	17,776	(1,629)
Total Revenues	1,418,212	1,265,847	(152,365)	447,479	647,870	200,391
Expenditures:						
Current:						
General government						
Health & welfare	1,443,631	1,046,523	397,108			
Public safety				406,554	611,341	(204,787)
Culture & recreation				40,925	36,669	4,256
Capital outlay	6,800	14,357	(7,557)	250	70	180
Debt service:						
Interest and fiscal charges						
Total Expenditures	1,450,431	1,060,880	389,551	447,729	648,080	(200,351)
Excess (Deficiency) of Revenues Over Expenditures	(32,219)	204,967	237,186	(250)	(210)	40
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in						
Transfers out	(115,000)	(115,000)				
Total Other Financing Sources (Uses)	(115,000)	(115,000)				
Net change in fund balances	(147,219)	89,967	237,186	(250)	(210)	40
Fund Balances - Beginning	344,477	344,477		1,268	1,268	
Fund Balances Ending	\$ 197,258	\$ 434,444	\$ 237,186	\$ 1,018	\$ 1,058	\$ 40

Continued

<u>Asset Forfeiture</u>			<u>City's Share of Special Improvements</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ 128	\$ 128
				14	14
10,723	36,260	25,537		345	345
	261	261			
<u>10,723</u>	<u>36,521</u>	<u>25,798</u>		<u>487</u>	<u>487</u>
8,361	6,411	1,950			
4,257	4,257				
<u>12,618</u>	<u>10,668</u>	<u>1,950</u>			
<u>(1,895)</u>	<u>25,853</u>	<u>27,748</u>		<u>487</u>	<u>487</u>
<u>(1,895)</u>	<u>25,853</u>	<u>27,748</u>		<u>487</u>	<u>487</u>
18,856	18,856		35,076	35,076	
<u>\$ 16,961</u>	<u>\$ 44,709</u>	<u>\$ 27,748</u>	<u>\$ 35,076</u>	<u>\$ 35,563</u>	<u>\$ 487</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

B-3 (Cont'd)

YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Totals for December 31, 2015

	City Special Assessment Fund			Insurance Reserve Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ 518,114	\$ 495,594	\$ (22,520)	\$ 260,990	\$ 250,559	\$ (10,431)
Intergovernmental	8,000	13,641	5,641	4,300	6,165	1,865
Charges for services		8,568	8,568			
Fines and forfeits						
Interest	450	2,748	2,298		(767)	(767)
Miscellaneous						
Total Revenues	<u>526,564</u>	<u>520,551</u>	<u>(6,013)</u>	<u>265,290</u>	<u>255,957</u>	<u>(9,333)</u>
Expenditures:						
Current:						
General government	476,721	374,248	102,473	333,092	326,398	6,694
Health & welfare						
Public safety						
Culture & recreation						
Capital outlay						
Debt service:						
Interest and fiscal charges						
Total Expenditures	<u>476,721</u>	<u>374,248</u>	<u>102,473</u>	<u>333,092</u>	<u>326,398</u>	<u>6,694</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>49,843</u>	<u>146,303</u>	<u>96,460</u>	<u>(67,802)</u>	<u>(70,441)</u>	<u>(2,639)</u>
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in				67,802	71,802	4,000
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>				
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>		<u>67,802</u>	<u>71,802</u>	<u>4,000</u>
Net change in fund balances	24,843	121,303	96,460		1,361	1,361
Fund Balances - Beginning	<u>254,350</u>	<u>254,350</u>		<u>99</u>	<u>99</u>	
Fund Balances Ending	<u>\$ 279,193</u>	<u>\$ 375,653</u>	<u>\$ 96,460</u>	<u>\$ 99</u>	<u>\$ 1,460</u>	<u>\$ 1,361</u>

Continued

Noxious Weed Control			E-911 System		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,867	\$ 4,018	\$ 151	\$ -	\$ -	\$ -
	98	98	765,000	752,768	(12,232)
	133	133	3,255	4,189	934
				208	208
<u>3,867</u>	<u>4,249</u>	<u>382</u>	<u>768,255</u>	<u>757,165</u>	<u>(11,090)</u>
3,535	2,810	725	523,905	437,356	86,549
			446,500	359,651	86,849
			<u>7,602</u>	<u>7,602</u>	
<u>3,535</u>	<u>2,810</u>	<u>725</u>	<u>978,007</u>	<u>804,609</u>	<u>173,398</u>
<u>332</u>	<u>1,439</u>	<u>1,107</u>	<u>(209,752)</u>	<u>(47,444)</u>	<u>162,308</u>
			400,000	400,000	
			<u>(228,273)</u>	<u>(195,904)</u>	<u>32,369</u>
			<u>171,727</u>	<u>204,096</u>	<u>32,369</u>
332	1,439	1,107	(38,025)	156,652	194,677
12,601	12,601		239,713	239,713	
<u>\$ 12,933</u>	<u>\$ 14,040</u>	<u>\$ 1,107</u>	<u>\$ 201,688</u>	<u>\$ 396,365</u>	<u>\$ 194,677</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

B-3 (Cont'd)

YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Totals for December 31, 2015

	Public Service Answering Point		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes:			
Property Sales	\$ -	\$ -	\$ -
Intergovernmental			
Charges for services	371,782	372,272	490
Fines and forfeits			
Interest	2,638	2,233	(405)
Miscellaneous	1,000	1,188	188
Total Revenues	375,420	375,693	273
Expenditures:			
Current:			
General government			
Health & welfare			
Public safety	1,497,950	1,387,576	110,374
Culture & recreation			
Capital outlay	3,000	379	2,621
Debt service:			
Interest and fiscal charges			
Total Expenditures	1,500,950	1,387,955	112,995
Excess (Deficiency) of Revenues Over Expenditures	(1,125,530)	(1,012,262)	113,268
Other Financing Sources (Uses):			
Sale of Capital Assets			
Transfers in	1,075,531	1,075,531	
Transfers out			
Total Other Financing Sources (Uses)	1,075,531	1,075,531	
Net change in fund balances	(49,999)	63,269	113,268
Fund Balances - Beginning	266,422	266,422	
Fund Balances Ending	\$ 216,423	\$ 329,691	\$ 113,268

Continued

Community Enhancement			Community Development		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			180,666	435,859	255,193
	3	3	7,500	24,012	16,512
			10,575	6,304	(4,271)
	3	3	198,741	466,175	267,434
			2,370,226	1,891,756	478,470
			2,370,226	1,891,756	478,470
	3	3	(2,171,485)	(1,425,581)	745,904
			326,121	45,047	45,047
			326,121	326,121	
			326,121	371,168	45,047
	3	3	(1,845,364)	(1,054,413)	790,951
313	313		2,539,803	2,539,803	
\$ 313	\$ 316	\$ 3	\$ 694,439	\$1,485,390	\$ 790,951

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

B-3 (Cont'd)

YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Totals for December 31, 2015

	2016 Total			2015 Actual
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Total
Revenues:				
Taxes:				
Property	\$ 3,279,101	\$ 3,175,038	\$ (104,063)	\$ 2,965,134
Sales	2,148,220	2,143,371	(4,849)	2,222,689
Intergovernmental	3,083,139	3,544,383	461,244	5,108,309
Charges for services	1,356,482	1,339,708	(16,774)	1,187,629
Fines forfeits	10,723	36,260	25,537	1,589
Interest	57,379	99,371	41,992	58,044
Miscellaneous	68,796	59,899	(8,897)	77,070
Total Revenues	10,003,840	10,398,030	394,190	11,620,464
Expenditures:				
Current:				
General government	4,317,797	3,649,530	668,267	4,762,114
Health & welfare	1,447,166	1,049,333	397,833	1,136,906
Public safety	2,940,704	2,880,671	60,033	2,745,462
Culture & recreation	2,811,928	2,327,625	484,303	2,226,502
Capital outlay	1,585,078	1,688,288	(103,210)	2,814,529
Debt service:				
Interest and fiscal charges	7,602	7,602		8,702
Total Expenditures	13,110,275	11,603,049	1,507,226	13,694,215
Excess (Deficiency) of Revenues Over Expenditures	(3,106,435)	(1,205,019)	1,901,416	(2,073,751)
Other Financing Sources (Uses):				
Sale of Capital Assets		45,047	45,047	2,249,875
Transfers in	2,050,882	2,439,882	389,000	1,991,650
Transfers out	(2,622,515)	(1,298,757)	1,323,758	(19,988,525)
Total Other Financing Sources (Uses)	(571,633)	1,186,172	1,757,805	(15,747,000)
Net change in fund balances	(3,678,068)	(18,847)	3,659,221	(17,820,751)
Fund Balances - Beginning	11,110,418	11,110,418	-	28,931,169
Fund Balances Ending	\$ 7,432,350	\$ 11,091,571	\$ 3,659,221	\$ 11,110,418

NON-MAJOR DEBT SERVICE FUNDS

Debt Service Funds. Account for the accumulation of resources for, and the retirement of, general long-term debt principal and interest. Debt service funds are combined under four major categories: Special Assessment Improvement Bonds (major fund, information is provided with major funds), General Obligation Bonds, Sales Tax Revenue Bonds, and Current Year Projects. Additional information is provided below for the funds in these categories.

General Obligation Bonds:

2007 “A” GO Public Building Bonds

A \$3,490,000 bond issue to finance the costs of constructing a multi-department public safety building. Interest ranges from 4.25 percent to 4.625 percent. Principal payments range from \$65,000 to \$260,000 with a final payment due December 1, 2026.

2008 “B” GO Dike Refunding Bonds

A \$5,685,000 bond issue to refund the 1999 “A” GO Dike Bonds to finance the City’s share of costs associated with the construction of a new dike along the Red River. Interest ranges from 3.5 percent to 4.0 percent. Principal payments range from \$500,000 to \$650,000 with a final payment due December 1, 2019.

2011 “E” GO Dike Refunding Bonds

A \$2,260,000 bond issue to refund the 2002 “G” GO Dike Bonds to finance the City’s share of costs associated with the construction of a new dike along the Red River. Interest ranges from 2.0 percent to 3.0 percent. Principal payments range from \$205,000 to \$250,000 with a final payment due December 1, 2022.

Financing is provided by a general property tax levy. The City has pledged 5.37 mills for the repayment of this debt.

2016 “C” GO Refunding Bonds

A \$2,735,000 bond issue to refund the 2006 “B” GO Public Building Bonds to finance the costs of improvements made to various public buildings and to advance refund the 2007 “A” GO Public Building Bonds to finance the costs of constructing a multi-department public safety building. Interest ranges from 2.0 percent to 4.0 percent. Principal payments range from \$80,000 to \$330,000 with a final payment due December 1, 2026.

Financing is provided by a general property tax levy. The City has pledged 5.37 mills for the repayment of this debt.

Sales Tax Revenue Bonds:

2007 “C” Sales Tax Reserve Revenue Refunding Bonds

A \$2,445,000 bond to refinance the 1996-A sales tax revenue bonds. The bonds are issued for the acquisition and construction of a facility to be leased to Cirrus Industries, Inc. Interest ranges from 3.94 percent to 4.2 percent. Principal payments range from \$180,000 to \$300,000 with a final payment due November 1, 2017. Financing is provided from a portion of the collection of City’s sales tax for economic development and from the collection of lease rental for the use and occupancy of the facility by Cirrus Industries, Inc.

2011 “A” Sales Tax Reserve Revenue Refunding Bonds

A \$3,860,000 bond issue to refinance the 2002-H Sales Tax Reserve Revenue Dike Bonds to finance a portion of the permanent flood protection project and to fund a reserve for further security of the bonds. Interest ranges from 2.0% to 3.0%. Principal payments range from \$350,000 to \$430,000 with a final payment due December 1, 2021. Financing is provided from a dedicated sales tax amount from the City’s sales and use tax.

2011 “F” Sales Tax Reserve Revenue Refunding Bonds

A \$6,830,000 bond issue to refinance the 2001-D Sales Tax Reserve Revenue Dike Bonds to finance a portion of the permanent flood protection project. Interest ranges from 3.0 to 5.0 percent. Principal payments range from \$515,000 to \$760,000 with a final payment due September 1, 2021. Financing is provided from a dedicated sales tax amount from the City’s sales and use tax.

Current Year Projects

To accumulate funds for the payment of sidewalk warrants sold to pay the costs of various street and sidewalk improvements deemed to benefit the properties against which special assessments are levied.

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS

C-1

DECEMBER 31, 2016

With Comparative Totals for December 31, 2015

	General Obligation Bonds	Sales Tax Revenue Bonds	Current Year Projects	2016 Total	2015 Total
ASSETS					
Cash and cash equivalents	\$ 180,459	\$ 39,082	\$ 377,071	\$ 596,612	\$ 561,979
Investments	2,049,447	1,423,605		3,473,052	1,410,247
Accounts Receivable	1,105			1,105	
Taxes receivable:					
Property	14,464			14,464	11,722
Special assessments			3,008	3,008	2,845
Total Assets	<u>\$ 2,245,475</u>	<u>\$ 1,462,687</u>	<u>\$ 380,079</u>	<u>\$ 4,088,241</u>	<u>\$ 1,986,793</u>
LIABILITIES					
Accounts Payable					\$ -
Advances from other funds	\$ 9,901			\$ 9,901	9,901
Total Liabilities	<u>9,901</u>			<u>9,901</u>	<u>9,901</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	12,277			12,277	9,084
Unavailable revenue-special assessments			\$ 3,008	3,008	2,845
Total Deferred Inflows of Resources	<u>12,277</u>		<u>3,008</u>	<u>15,285</u>	<u>11,929</u>
FUND BALANCES					
Restricted	2,223,297	\$ 1,462,687	377,071	4,063,055	1,964,963
Total Fund Balances	<u>2,223,297</u>	<u>1,462,687</u>	<u>377,071</u>	<u>4,063,055</u>	<u>1,964,963</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,245,475</u>	<u>\$ 1,462,687</u>	<u>\$ 380,079</u>	<u>\$ 4,088,241</u>	<u>\$ 1,986,793</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR DEBT SERVICE FUNDS

C-2

YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	General Obligaton Bonds	Sales Tax Revenue Bonds	Current Year Projects	2016 Total	2015 Total
REVENUES					
Property taxes	\$ 1,004,195	\$ -	\$ -	\$ 1,004,195	\$ 938,195
Special assessments			31,117	31,117	21,637
Intergovernmental	27,467			27,467	28,934
Interest	9,355	15,158	3,583	28,096	23,654
Total Revenues	1,041,017	15,158	34,700	1,090,875	1,012,420
EXPENDITURES					
Contractual services	21,312		190	21,502	46,429
Debt Services:					
Issuance costs	59,748			59,748	
Interest & fiscal charges	293,377	320,691		614,068	719,233
Principal retirement	1,065,000	1,879,174		2,944,174	2,867,285
Total Expenditures	1,439,437	2,199,865	190	3,639,492	3,632,947
Excess (Deficiency) of Revenues Over Expenditures	(398,420)	(2,184,707)	34,510	(2,548,617)	(2,620,527)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	2,735,000			2,735,000	
Redemption of refunded bonds	(860,000)			(860,000)	
Bond (discount) premium	241,131			241,131	
Transfers in	1,523,877	2,191,535		3,715,412	2,883,112
Transfers out	(1,125,334)		(59,500)	(1,184,834)	(337,056)
Total Other Financing Sources (Uses)	2,514,674	2,191,535	(59,500)	4,646,709	2,546,056
Net change in fund balances	2,116,254	6,828	(24,990)	2,098,092	(74,471)
Fund Balances at Beginning of Year	107,043	1,455,859	402,061	1,964,963	2,039,434
Fund Balances at End of Year	\$ 2,223,297	\$ 1,462,687	\$ 377,071	\$ 4,063,055	\$ 1,964,963

NON-MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds. Account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds). Additional information is provided below for the funds in this category.

Flood Control

To account for the construction of flood control structures. Financing is being provided by the proceeds of general obligation bonds.

Permanent Flood Protection Project

To account for resources accumulated for construction of the local flood protection (dike) project. Project cost share is 50% federal and 50% local. Financing for local share is being provided by the proceeds of general obligation bonds, sales tax revenue bonds, and special assessment bonds. The State of North Dakota is covering 45% or \$52 million of the local share.

Greenway Project

To account for the costs relating to Greenway planning and administration, restoration activities, development of the Downtown Community Green, Red River Bridge (downtown), low level levee in Riverside Park, shore bank fishing, and boat ramps. The project will be paid by reallocating some of the existing property tax, sales tax, use tax revenue, and a city wide special assessment.

Bikeway Project

To account for the cost of constructing a circular bikeway system that will skirt the City. Financing is provided by grants from Federal Highway Administration's Transportation Enhancement program and city sales tax revenue.

Flood Protection Capital Maintenance Fund

To account for the cost of capital maintenance on the permanent flood protection system financed through special assessment payments collected on newly annexed land.

Underpass/Bridge Construction Fund

To account for the construction of future underpass and bridge repair and rehab projects. A reserve is set aside annually to cover the future City share of the Washington Street Underpass, the Sorlie Bridge and/or the Kennedy Bridge projects. Funding comes from City Sales Tax revenue through the Infrastructure Fund.

Capital Replacement Fund

To set aside cash per the vehicle/equipment repair/replacement schedule for various General Fund departments.

Nuisance Abatements

To account for the costs of clean up projects within the city limits, i.e. long grass and weed cutting and snow removal on private property in case the owner fails to comply with City Ordinance. Such costs are recovered by special assessing the charges against those properties.

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS

D-1

DECEMBER 31, 2016

With Comparative Totals for December 31, 2015

	Flood Control Projects	Permanent Flood Protection Project	Greenway Project	Bikeway Project
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 473,785
Investments				
Accounts receivable				
Special assessments receivable				
Special assessments-uncertified				
Total Assets	\$ -	\$ -	\$ -	\$ 473,785
LIABILITIES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable (including retainage)				
Total Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-special assessments				
Total Deferred Inflows of Resources				
FUND BALANCES				
Restricted				
Committed				473,785
Total Fund Balances				473,785
Total liabilities, deferred inflows of resources and fund balance	\$ -	\$ -	\$ -	\$ 473,785

<u>Flood Protection Capital Maintenance</u>	<u>Underpass/ Bridge Construction</u>	<u>Capital Replacement Fund</u>	<u>Nuisance Abatements</u>	<u>2016 Total</u>	<u>2015 Total</u>
\$ 663,880	\$ 456,758	\$ 2,180,602	\$ 108,125	\$ 3,883,150	\$ 1,329,149
2,000,000	1,419,933			3,419,933	5,512,039
					6,055
23,311			32,718	56,029	6,628
1,872,129				1,872,129	1,367,739
<u>\$ 4,559,320</u>	<u>\$ 1,876,691</u>	<u>\$ 2,180,602</u>	<u>\$ 140,843</u>	<u>\$ 9,231,241</u>	<u>\$ 8,221,610</u>
\$ -	\$ -	\$ -	\$ 1,450	\$ 1,450	\$ -
			1,450	1,450	
1,895,440			32,718	1,928,158	1,374,367
1,895,440			32,718	1,928,158	1,374,367
2,663,880	1,876,691	2,180,602	106,675	2,770,555	2,554,583
				4,531,078	4,292,660
2,663,880	1,876,691	2,180,602	106,675	7,301,633	6,847,243
<u>\$ 4,559,320</u>	<u>\$ 1,876,691</u>	<u>\$ 2,180,602</u>	<u>\$ 140,843</u>	<u>\$ 9,231,241</u>	<u>\$ 8,221,610</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS

YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Flood Control Projects	Permanent Flood Protection Project	Greenway Project	Bikeway Projects	Flood Protection Capital Maintenance
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 234,642
Interest	2,137	922	248	4,338	21,229
Miscellaneous					
Total Revenues	<u>2,137</u>	<u>922</u>	<u>248</u>	<u>4,338</u>	<u>255,871</u>
EXPENDITURES					
Capital outlay:					
Public works				6,616	1,597
Total Expenditures				<u>6,616</u>	<u>1,597</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,137</u>	<u>922</u>	<u>248</u>	<u>(2,278)</u>	<u>254,274</u>
OTHER FINANCING SOURCES (USES):					
Sale of property					
Transfers in				100,000	503,085
Transfers out	(436,754)	(66,331)	(59,769)	(50,000)	
Total Other Financing Sources (Uses)	<u>(436,754)</u>	<u>(66,331)</u>	<u>(59,769)</u>	<u>50,000</u>	<u>503,085</u>
Net change in fund balance	(434,617)	(65,409)	(59,521)	47,722	757,359
Fund Balances at Beginning of Year	434,617	65,409	59,521	426,063	1,906,521
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$473,785</u>	<u>\$ 2,663,880</u>

<u>Underpass/ Bridge Construction</u>	<u>Capital Replacement Fund</u>	<u>Nuisance Abatements</u>	<u>2016 Total</u>	<u>2015 Total</u>
\$ - 16,478	\$ - 18,669	\$ 29,924 871	\$ 264,566 64,892	\$ 193,934 34,572 6,055
<u>16,478</u>	<u>18,669</u>	<u>30,795</u>	<u>329,458</u>	<u>234,561</u>
<u>9,095</u>	<u>268,250</u>	<u>12,635</u>	<u>298,193</u>	<u>369,054</u>
<u>9,095</u>	<u>268,250</u>	<u>12,635</u>	<u>298,193</u>	<u>369,054</u>
<u>7,383</u>	<u>(249,581)</u>	<u>18,160</u>	<u>31,265</u>	<u>(134,493)</u>
100,000	332,894		1,035,979 (612,854)	782,775
<u>100,000</u>	<u>332,894</u>		<u>423,125</u>	<u>782,775</u>
107,383	83,313	18,160	454,390	648,282
<u>1,769,308</u>	<u>2,097,289</u>	<u>88,515</u>	<u>6,847,243</u>	<u>6,198,961</u>
<u>\$ 1,876,691</u>	<u>\$ 2,180,602</u>	<u>\$ 106,675</u>	<u>\$ 7,301,633</u>	<u>\$ 6,847,243</u>



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FOR NOTES

NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds – are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Public Transit

This is a fund used to account for the providing of public transportation (bus) services to the residents of the city. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, and collection and depositing of fares.

Dial-A-Ride

This is a fund used to account for the providing of public transportation (dial-a-ride) services to the handicapped residents of the city. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, and collection and depositing of fares.

Mosquito Control

This is a fund to account for the administration, operation and maintenance of the mosquito control program. The purpose of the mosquito control program is to reduce the number of mosquitoes, which reduces the risk of diseases transmitted by mosquitoes (i.e. West Nile Virus), and also reduces nuisance mosquitoes to a tolerable level. This program also improves the quality of outdoor activities in the City of Grand Forks by providing relief from mosquitoes.

Downtown Parking

This is a fund used to account for the providing of parking services to the residents of the city. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, and collection of fees.

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 NON MAJOR PROPRIETARY FUNDS

E-1

DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	<u>Public Transit</u>	<u>Dial-a-Ride</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,034,170	\$ 26,878
Investments		
Restricted cash, cash equivalents, and investments:		
Customer deposits		1,488
Construction account		
Revenue bond current debt service account		
Receivables:		
Accounts	137,607	11,352
Taxes - property	12,852	2,682
Intergovernmental:		
Federal government	989,650	359,448
State of North Dakota		57,097
Due from Other Funds		
Inventories	91,548	
Prepaid items	37,768	33,537
Total Current Assets	<u>2,303,595</u>	<u>492,482</u>
Noncurrent Assets:		
Restricted cash, cash equivalents, and investments:		
Revenue bond reserve account		
Total restricted cash, cash equivalents and investments	<u>-</u>	<u>-</u>
Capital Assets:		
Land	27,199	
Buildings	2,692,161	
Improvements other than buildings	679,663	
Machinery and equipment	4,934,644	552,142
Construction in progress		
Less accumulated depreciation	<u>(4,912,589)</u>	<u>(174,377)</u>
Total Capital Assets (net of accumulated depreciation)	<u>3,421,078</u>	<u>377,765</u>
Total Noncurrent Assets	<u>3,421,078</u>	<u>377,765</u>
Total Assets	<u>5,724,673</u>	<u>870,247</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Single Employer Plan	213,803	
Deferred Pension NDPERS	234,650	
Total deferred outflow of resources	<u>448,453</u>	
LIABILITIES		
Current Liabilities:		
Accounts payable	249,106	72,703
Due to Other Funds		
Customer Deposits		1,488
Compensated absences payable-current	6,516	114
Accrued interest payable		
Bonds payable-current		
Total Current Liabilities	<u>255,622</u>	<u>74,305</u>
Noncurrent Liabilities:		
Compensated absences payable	208,530	6,589
Net Pension Liability Single Employer Plan	833,611	
Net Pension Liability NDPERS	555,857	
Revenue bonds payable		
Total Noncurrent Liabilities	<u>1,597,998</u>	<u>6,589</u>
Total Liabilities	<u>1,853,620</u>	<u>80,894</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension	27,542	
Total deferred inflow of resources	<u>27,542</u>	
NET POSITION		
Net investment in capital assets	3,421,078	377,765
Net position-restricted for:		
Debt Service		
Capital		
Net position-unrestricted	870,886	411,588
Total Net Position	<u>\$ 4,291,964</u>	<u>\$ 789,353</u>

Mosquito Control	Downtown Parking	2016 Total Non Major Enterprise Funds	2015 Total Non Major Enterprise Funds
\$ 219,094	\$ 203,291	\$ 1,483,433	\$ 1,845,155
		-	-
71	50,309	1,488	1,488
22,142		50,380	70
		22,142	37,483
93,782	50,583	293,324	217,967
		15,534	12,524
		1,349,098	433,983
		57,097	267,023
		-	75,000
		91,548	85,276
482	3,288	75,075	30,782
<u>335,571</u>	<u>307,471</u>	<u>3,439,119</u>	<u>3,006,751</u>
<u>87,000</u>		<u>87,000</u>	<u>91,500</u>
<u>87,000</u>		<u>87,000</u>	<u>91,500</u>
	333,627	360,826	360,826
1,338,457		4,030,618	3,881,264
77,499	3,090,165	3,847,327	3,623,949
795,326	125,625	6,407,737	6,605,775
		-	
(809,270)	(904,687)	(6,800,923)	(6,633,074)
<u>1,402,012</u>	<u>2,644,730</u>	<u>7,845,585</u>	<u>7,838,740</u>
<u>1,489,012</u>	<u>2,644,730</u>	<u>7,932,585</u>	<u>7,930,240</u>
<u>1,824,583</u>	<u>2,952,201</u>	<u>11,371,704</u>	<u>10,936,991</u>
		213,803	106,392
		234,650	63,884
		<u>448,453</u>	<u>170,276</u>
67,975	14,052	403,836	171,204
		-	75,000
		1,488	1,488
		6,630	30,376
1,525		1,525	14,150
85,000		85,000	70,000
<u>154,500</u>	<u>14,052</u>	<u>498,479</u>	<u>362,218</u>
61,973		277,092	244,671
		833,611	671,696
		555,857	332,621
790,612		790,612	838,143
<u>852,585</u>		<u>2,457,172</u>	<u>2,087,131</u>
<u>1,007,085</u>	<u>14,052</u>	<u>2,955,651</u>	<u>2,449,349</u>
		27,542	37,434
		<u>27,542</u>	<u>37,434</u>
526,400	2,644,730	6,969,973	6,930,597
107,617		107,617	114,833
71	50,309	50,380	70
183,410	243,110	1,708,994	1,574,984
<u>\$ 817,498</u>	<u>\$ 2,938,149</u>	<u>\$ 8,836,964</u>	<u>\$ 8,620,484</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NON MAJOR PROPRIETARY FUNDS

E-2

YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Public Transit	Dial-A-Ride	Mosquito Control
Operating Revenues:			
Charges for sales and services:			
Utility fees	\$ 573,379	\$ 145,951	\$ 985,032
Operating assessment			
Miscellaneous	1,030		
Total Operating Revenues	<u>574,409</u>	<u>145,951</u>	<u>985,032</u>
Operating Expenses:			
Salaries and wages	1,010,298	191,596	279,759
Supplies	70,835	437	331,911
Contractual services	196,318	17,867	79,858
Maintenance - structures and equipment	547,469	171,245	21,163
Sundry expenses	91,197	19,679	8,426
Utilities - heat and lights	38,246		10,219
Pension and social security	318,159	27,589	33,925
Administrative and general	271,123	673,553	37,203
Total Operating Expenses	<u>2,543,645</u>	<u>1,101,966</u>	<u>802,464</u>
Net Income (Loss) from Operations before Depreciation	(1,969,236)	(956,015)	182,568
Less - Depreciation	409,512	70,940	89,553
Net Operating Income (Loss)	<u>(2,378,748)</u>	<u>(1,026,955)</u>	<u>93,015</u>
Nonoperating Revenues (Expenses):			
Interest	15,041	2,546	2,825
Federal grants	928,157	477,525	
State grants	157,376	209,772	3,500
General property taxes	888,378	185,282	
Personal property replacements	24,380	4,557	
Gain (loss) on capital assets	8,161		56
Pass through grant expense			
Miscellaneous	140		
Interest expense			(79,471)
Total Nonoperating Revenues (Expenses)	<u>2,021,633</u>	<u>879,682</u>	<u>(73,090)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(357,115)</u>	<u>(147,273)</u>	<u>19,925</u>
Capital Contributions and Transfers:			
Capital Contributions	471,073	93,551	
Transfers in			90,000
Transfers Out			
Total Capital Contributions and Transfers	<u>471,073</u>	<u>93,551</u>	<u>90,000</u>
Change in Net Position	113,958	(53,722)	109,925
Total Net Position-Beginning	4,178,006	843,075	707,573
Prior Period Adjustment-GASB 68			
Total Net Position-Beginning as Restated	4,178,006	843,075	707,573
Total Net Position-Ending	<u>\$ 4,291,964</u>	<u>\$ 789,353</u>	<u>\$ 817,498</u>

Downtown Parking	2016 Total Non Major Enterprise Funds	2015 Total Non Major Enterprise Funds
\$ 17,065	\$ 1,721,427	\$ 1,476,276
421,646	421,646	342,713
	1,030	1,357
<u>438,711</u>	<u>2,144,103</u>	<u>1,820,346</u>
35,839	1,517,492	1,370,346
1,327	404,510	359,239
21,540	315,583	420,121
185,753	925,630	785,869
	119,302	17,194
47,773	96,238	97,514
5,487	385,160	268,314
17,854	999,733	884,552
<u>315,573</u>	<u>4,763,648</u>	<u>4,203,149</u>
123,138	(2,619,545)	(2,382,803)
121,472	691,477	694,884
<u>1,666</u>	<u>(3,311,022)</u>	<u>(3,077,687)</u>
1,294	21,706	8,400
	1,405,682	1,549,481
	370,648	469,635
	1,073,660	999,737
	28,937	30,974
	8,217	
		(242,265)
	140	52,595
	(79,471)	(45,622)
<u>1,294</u>	<u>2,829,519</u>	<u>2,822,935</u>
<u>2,960</u>	<u>(481,503)</u>	<u>(254,752)</u>
	564,624	298,324
43,359	133,359	559,430
	-	(75,000)
<u>43,359</u>	<u>697,983</u>	<u>782,754</u>
46,319	216,480	528,002
2,891,830	8,620,484	8,961,730
		(869,248)
<u>2,891,830</u>	<u>8,620,484</u>	<u>8,092,482</u>
<u>\$ 2,938,149</u>	<u>\$ 8,836,964</u>	<u>\$ 8,620,484</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF CASH FLOWS
 NON MAJOR PROPRIETARY FUNDS
 Year Ended December 31, 2016
 With Comparative Totals for December 31, 2015

	Public Transit Fund	Dial A Ride Fund	Mosquito Control Fund
Cash Flows from Operating Activities:			
Receipts from customers	\$ 520,611	\$ 141,723	\$ 973,462
Payments to suppliers	(1,284,374)	(943,799)	(458,315)
Payments to employees	(1,006,876)	(183,398)	(273,635)
Payments for interfund services used	75,000	(75,000)	
Net cash provided (used) by operating activities	<u>(1,695,639)</u>	<u>(1,060,474)</u>	<u>241,512</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds			90,000
Transfers to other funds			
Operating subsidies from federal grants	21,882	468,685	
Operating subsidies from state grants	157,376	419,698	3,500
Operating subsidies from Taxes	910,266	189,321	
Net cash provided (used) by non-capital financing activities	<u>1,089,524</u>	<u>1,077,704</u>	<u>93,500</u>
Cash Flows from Capital & Related Financing Activities			
Financing Activities:			
Proceeds of revenue bonds and notes			870,000
Proceeds from revenue bonds and notes			
Capital contributions	242,390	93,551	
Purchases of capital assets	(170,668)	(93,551)	(148,736)
Principal paid on capital debt			(915,000)
Interest paid			(79,627)
Net cash provided (used) by capital & related financing activities	<u>71,722</u>	<u></u>	<u>(273,363)</u>
Cash Flows from Investing Activities:			
Proceeds from sales and maturities of investments			128,983
Purchase of investments			(87,000)
Interest and dividends	15,041	2,546	2,825
Net cash provided by investing activities	<u>15,041</u>	<u>2,546</u>	<u>44,808</u>
Net increase (decrease) in cash and cash equivalents	(519,352)	19,776	106,457
Cash and cash equivalents - beginning of the year	1,553,522	8,590	134,850
Cash and cash equivalents - end of the year	<u>\$ 1,034,170</u>	<u>\$ 28,366</u>	<u>\$ 241,307</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating Income (loss)	<u>\$ (2,378,748)</u>	<u>\$ (1,026,955)</u>	<u>\$ 93,015</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation Expense	409,512	70,940	89,553
(Increase) decrease in accounts receivable	(53,798)	(4,228)	(11,570)
(Increase) decrease in inventories	(6,272)		
(Increase) decrease in prepaid items	(31,013)	(\$13,137)	(94)
Increase (decrease) in accounts payable	195,882	(18,797)	65,352
(Increase) decrease in deferred pension outflows	(278,177)		
Increase (decrease) in customer deposits			
Increase (decrease) in net pension liability	385,151		
Increase (decrease) in compensated absences payable	(3,284)	6,703	5,256
Increase (decrease) in deferred pension inflows	(9,892)		
(Increase) decrease in due from other funds	75,000		
Increase (decrease) in due to other funds		(75,000)	
Total Adjustments	<u>683,109</u>	<u>(33,519)</u>	<u>148,497</u>
Net cash provided (used) by operating activities	<u>\$ (1,695,639)</u>	<u>\$ (1,060,474)</u>	<u>\$ 241,512</u>
Noncash Investing, Capital and Financing Activities:			
Net (decrease) in fair value of investments	\$ (502)	\$ (12)	\$ (55)
Contributed Capital			

Downtown Parking	2016 Total Non-Major Enterprise Funds	2015 Total Non-Major Enterprise Funds
\$ 432,950	\$ 2,068,746	\$ 1,805,943
(289,588)	(2,976,076)	(2,798,501)
(35,839)	(1,499,748)	(1,417,205)
<u>107,523</u>	<u>(2,407,078)</u>	<u>(2,409,763)</u>
43,359	133,359	559,430
		(75,000)
	490,567	1,304,836
	580,574	455,289
	<u>1,099,587</u>	<u>1,031,355</u>
<u>43,359</u>	<u>2,304,087</u>	<u>3,275,910</u>
	870,000	
	335,941	127,923
(48,327)	(461,282)	(585,584)
	(915,000)	(65,000)
	<u>(79,627)</u>	<u>(45,927)</u>
<u>(48,327)</u>	<u>(249,968)</u>	<u>(568,588)</u>
	128,983	98,000
	(87,000)	(128,983)
1,294	21,706	8,400
<u>1,294</u>	<u>63,689</u>	<u>(22,583)</u>
103,849	(289,270)	274,976
149,751	1,846,713	1,571,737
<u>\$ 253,600</u>	<u>\$ 1,557,443</u>	<u>\$ 1,846,713</u>
<u>\$ 1,666</u>	<u>\$ (3,311,022)</u>	<u>\$ (3,077,687)</u>
121,472	691,477	694,884
(5,761)	(75,357)	(14,903)
	(6,272)	327
(49)	(44,293)	798
(9,805)	232,632	(10,848)
	(278,177)	(42,347)
		500
	385,151	7,140
	8,675	(5,061)
	(9,892)	37,434
	75,000	(75,000)
	<u>(75,000)</u>	<u>75,000</u>
<u>105,857</u>	<u>903,944</u>	<u>667,924</u>
<u>\$ 107,523</u>	<u>\$ (2,407,078)</u>	<u>\$ (2,409,763)</u>
\$ (68)	\$ (637)	\$ (16,360)
		17,401



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FOR NOTES

INTERNAL SERVICE FUNDS

Internal Service Funds. Account for the financing of goods or services provided by one fund, department, or agency to other funds, departments or agencies of the financial reporting entity, or to other governments, on a cost-reimbursement basis.

Computer Service

This is a fund used to account for the costs of maintaining computer equipment used by the city departments. Departments are billed a monthly maintenance charge to accumulate funds to maintain the equipment.

Central Garage

This is a fund used to account for the costs of operating the central fueling facilities and central vehicle maintenance garage for equipment used by various city departments and other governmental units. Such costs are billed to the using entity or department.

Central Purchasing

This is a fund used to account for the cost of centrally purchasing office supplies used by other city departments. Such costs are billed to the other departments at actual cost plus five percent.

Public Works Facility

This is a fund used to account for the cost of operating and maintaining the City's combined Public Works facility. These expenses are apportioned among the departments utilizing the facility in the form of rental charges.

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS

F-1

DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	Computer Service Fund	Central Garage	Central Purchasing	Public Works Facility	2016 Total	2015 Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 43,957	\$ 655	\$ 11,873	\$ 100,563	\$ 157,048	\$ 159,190
Accounts Receivable	501				501	-
Prepaid items				2,845	2,845	2,462
Inventories		117,949	8,277		126,226	168,514
Due from other funds					-	20,000
Total current assets	44,458	118,604	20,150	103,408	286,620	350,166
Capital assets:						
Building and equipment, net of accumulated deprec.	156,587	124,795		5,506,991	5,788,373	6,054,167
Total assets	201,045	243,399	20,150	5,610,399	6,074,993	6,404,333
LIABILITIES						
Current liabilities:						
Accounts payable		38	794	5,673	6,505	34,489
Due to other funds		49,700			49,700	69,700
Advances from other funds			19,000		19,000	19,000
Compensated absences		45,390		34,728	80,118	60,031
Total current liabilities	-	95,128	19,794	40,401	155,323	183,220
Total liabilities	-	95,128	19,794	40,401	155,323	183,220
NET POSITION						
Net investment in capital assets	156,587	124,795		5,506,991	5,788,373	6,054,167
Net position-unrestricted	44,458	23,476	356	63,007	131,297	166,946
Total net position	\$ 201,045	\$ 148,271	\$ 356	\$ 5,569,998	\$ 5,919,670	\$ 6,221,113

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS

F-2

For the Fiscal Year Ended December 31, 2016
 With Comparative Totals for December 31, 2015

	Computer Service Fund	Central Garage	Central Purchasing	Public Works Facility	2016 Total	2015 Total
Operating Revenues:						
Charges for services - internal	\$ 252,300	\$ 1,285,735	\$ 2,719	\$ 403,253	\$ 1,944,007	\$ 1,802,991
Total operating revenues	<u>252,300</u>	<u>1,285,735</u>	<u>2,719</u>	<u>403,253</u>	<u>1,944,007</u>	<u>1,802,991</u>
Operating expenses:						
Personal services		306,649		113,909	420,558	319,977
Supplies	3,091	692,330	1,575	7,753	704,749	733,923
Contractual services	22,615	81,259		5,296	109,170	89,735
Maintenance- structures & equip.	206,520	28,775		95,863	331,158	525,961
Sundry		5,306			5,306	1,990
Utilities				133,675	133,675	144,262
Pension and social security		83,462		10,324	93,786	83,461
Administrative and general	(6,800)	66,935	202	29,262	89,599	79,551
Depreciation	49,636	19,011		296,624	365,271	357,070
Total operating expenses	<u>275,062</u>	<u>1,283,727</u>	<u>1,777</u>	<u>692,706</u>	<u>2,253,272</u>	<u>2,335,930</u>
Operating income (loss)	<u>(22,762)</u>	<u>2,008</u>	<u>942</u>	<u>(289,453)</u>	<u>(309,265)</u>	<u>(532,939)</u>
Nonoperating revenues (expense)						
Earnings on investments	255		(4)	857	1,108	857
Gain (loss) on disposal of capital assets	(1,634)		(887)		(2,521)	867
Total nonoperating revenues (expenses)	<u>(1,379)</u>	<u>-</u>	<u>(891)</u>	<u>857</u>	<u>(1,413)</u>	<u>1,724</u>
Income (loss) before contributions and transfers	<u>(24,141)</u>	<u>2,008</u>	<u>51</u>	<u>(288,596)</u>	<u>(310,678)</u>	<u>(531,215)</u>
Transfers in (out)	<u>9,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,235</u>	<u>(9,551)</u>
Change in net position	<u>(14,906)</u>	<u>2,008</u>	<u>51</u>	<u>(288,596)</u>	<u>(301,443)</u>	<u>(540,766)</u>
Total net position - beginning	<u>215,951</u>	<u>146,263</u>	<u>305</u>	<u>5,858,594</u>	<u>6,221,113</u>	<u>6,761,879</u>
Total net position - ending	<u>\$ 201,045</u>	<u>\$ 148,271</u>	<u>\$ 356</u>	<u>\$ 5,569,998</u>	<u>\$ 5,919,670</u>	<u>\$ 6,221,113</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS

Year Ended December 31, 2016

With Comparative Totals for December 31, 2015

	Computer Service Fund	Central Garage Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ -	\$ -
Payments to suppliers	(225,426)	(949,371)
Payments to employees		(307,903)
Internal activity-payments to/from other funds	251,799	1,265,735
	<u>26,373</u>	<u>8,461</u>
Net cash provided (used) by operating activities		
Cash Flows from Non-Capital Financing Activities:		
Transfers to other funds		
Transfers from other funds	9,235	
Net cash provided (used) by non-capital financing activities	<u>9,235</u>	
Cash Flows from Capital & Related Financing Activities:		
Acquisition of capital assets	(27,647)	(9,850)
Net cash provided (used) by capital & related financing activities	<u>(27,647)</u>	<u>(9,850)</u>
Cash Flows from Investing Activities:		
Interest and dividends	255	
Net cash provided by investing activities	<u>255</u>	
Net increase (decrease) in cash and cash equivalents	8,216	(1,389)
Cash & cash equivalents - beginning of the year	<u>35,741</u>	<u>2,044</u>
Cash & cash equivalents - end of the year	<u>\$ 43,957</u>	<u>\$ 655</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (loss)	<u>\$ (22,762)</u>	<u>\$ 2,008</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation Expense	49,636	19,011
(Increase) decrease in accounts receivable	(501)	
(Increase) decrease in inventories		40,468
(Increase) decrease in prepaid items		
Increase (decrease) in accounts payable		(31,772)
Increase (decrease) in compensated absences payable		(1,254)
(Increase) decrease in due from other funds		
Increase (decrease) in due to other funds		(20,000)
	<u>49,135</u>	<u>6,453</u>
Total Adjustments		
Net cash provided (used) by operating activities	<u>\$ 26,373</u>	<u>\$ 8,461</u>

Central Purchasing Fund	Public Works Facility Fund	Total 2016	Total 2015
\$ -	\$ -	\$ -	\$ -
707	(280,980)	(1,455,070)	(1,744,290)
	(91,020)	(398,923)	(308,583)
2,719	423,253	1,943,506	1,852,691
<u>3,426</u>	<u>51,253</u>	<u>89,513</u>	<u>(200,182)</u>
			(21,002)
		9,235	11,451
		<u>9,235</u>	<u>(9,551)</u>
(887)	(63,614)	(101,998)	(181,151)
<u>(887)</u>	<u>(63,614)</u>	<u>(101,998)</u>	<u>(181,151)</u>
(4)	857	1,108	857
<u>(4)</u>	<u>857</u>	<u>1,108</u>	<u>857</u>
2,535	(11,504)	(2,142)	(390,027)
<u>9,338</u>	<u>112,067</u>	<u>159,190</u>	<u>549,217</u>
<u>\$ 11,873</u>	<u>\$ 100,563</u>	<u>\$ 157,048</u>	<u>\$ 159,190</u>
<u>\$ 942</u>	<u>\$ (289,453)</u>	<u>\$ (309,265)</u>	<u>\$ (532,939)</u>
	296,624	365,271	357,070
		(501)	
1,820		42,288	(54,854)
	(383)	(383)	(1,907)
664	3,124	(27,984)	(28,616)
	21,341	20,087	11,364
	20,000	20,000	(20,000)
		(20,000)	69,700
<u>2,484</u>	<u>340,706</u>	<u>398,778</u>	<u>332,757</u>
<u>\$ 3,426</u>	<u>\$ 51,253</u>	<u>\$ 89,513</u>	<u>\$ (200,182)</u>

FIDUCIARY FUNDS

Trust and Agency Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) pension trust funds, and (b) agency funds.

Trust Funds

Pension Trust

This is a fund to account for the receipt and disbursement of employee and employer contributions for the City Employees Pension Fund.

Agency Funds

Convention and Visitor's Bureau Agency Fund

This is a fund used to account for the receipt of a two percent room tax and the disbursement of these funds to the Convention and Visitor's Bureau for its use.

Animal Control

This is a fund used to account for the receipt of a .5 mill levy and the disbursement of these funds to the Humane Society.

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS

G-1

DECEMBER 31, 2016
 With Comparative Totals for December 31, 2015

	<u>Agency Funds</u>		<u>Totals</u>	
	<u>Convention & Visitors Bureau</u>	<u>Animal Control</u>	<u>2016</u>	<u>2015</u>
ASSETS				
Cash and cash equivalents	\$ 100,387	\$ 912	\$ 101,299	\$ 63,291
Taxes Receivable:				
Hotel/Motel	69,137		69,137	97,692
Property		1,265	1,265	1,035
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 169,524</u>	<u>\$ 2,177</u>	<u>\$ 171,701</u>	<u>\$ 162,018</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 106,207	\$ 1,074	\$ 107,281	\$ 99,171
Due to other agencies	63,317	1,103	64,420	62,847
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 169,524</u>	<u>\$ 2,177</u>	<u>\$ 171,701</u>	<u>\$ 162,018</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS

Year Ended December 31, 2016

	ASSETS			
	Cash and Cash Equivalents	Taxes Receivable	Other Assets	Total Assets
Convention-Visitor's Bureau				
January 1, 2016	\$ 62,008	\$ 97,692	\$ -	\$ 159,700
Additions	1,054,717	71,830		1,126,547
Deletions	(1,016,338)	(100,385)		(1,116,723)
December 31, 2016	<u>\$ 100,387</u>	<u>\$ 69,137</u>	<u>\$ -</u>	<u>\$ 169,524</u>
Animal Control				
January 1, 2016	\$ 1,283	\$ 1,035	\$ -	\$ 2,318
Additions	142,827	97,362		240,189
Deletions	(143,198)	(97,132)		(240,330)
December 31, 2016	<u>\$ 912</u>	<u>\$ 1,265</u>	<u>\$ -</u>	<u>\$ 2,177</u>
TOTALS				
January 1, 2016	\$ 63,291	\$ 98,727	\$ -	\$ 162,018
Additions	1,197,544	169,192		1,366,736
Deletions	(1,159,536)	(197,517)		(1,357,053)
December 31, 2016	<u>\$ 101,299</u>	<u>\$ 70,402</u>	<u>\$ -</u>	<u>\$ 171,701</u>

<u>LIABILITIES</u>		
<u>Accounts Payable</u>	<u>Due To Other Agencies</u>	<u>Total Liabilities</u>
\$ 98,368	\$ 61,332	\$ 159,700
1,112,859	1,024,300	2,137,159
<u>(1,105,020)</u>	<u>(1,022,315)</u>	<u>(2,127,335)</u>
<u>\$ 106,207</u>	<u>\$ 63,317</u>	<u>\$ 169,524</u>
\$ 803	\$ 1,515	\$ 2,318
271	144,455	144,726
<u> </u>	<u>(144,867)</u>	<u>(144,867)</u>
<u>\$ 1,074</u>	<u>\$ 1,103</u>	<u>\$ 2,177</u>
\$ 99,171	\$ 62,847	\$ 162,018
1,113,130	1,168,755	2,281,885
<u>(1,105,020)</u>	<u>(1,167,182)</u>	<u>(2,272,202)</u>
<u>\$ 107,281</u>	<u>\$ 64,420</u>	<u>\$ 171,701</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 STATEMENT OF CHANGES IN NET POSITION
 PENSION TRUST FUND

G-3

Year Ended December 31, 2016
 With Comparative Totals for December 31, 2015

	Pension Trust Fund 2015	Pension Trust Fund 2015
Additions:		
Contributions:		
Employer contributions	\$ 3,590,322	\$ 3,590,325
Employee contributions	441,589	486,834
Total contributions	<u>4,031,911</u>	<u>4,077,159</u>
Investment Earnings:		
Net appreciation (depreciation) in fair value of assets & Interest, dividends and other income	4,344,791	699,438
Net investment earnings	<u>4,344,791</u>	<u>699,438</u>
Total additions	<u>8,376,702</u>	<u>4,776,597</u>
Deductions:		
Benefits paid to participants	5,509,875	5,080,220
Expenses and fees	182,647	237,060
Total Deductions	<u>5,692,522</u>	<u>5,317,280</u>
Change in net position	2,684,180	(540,683)
Net position - beginning	<u>60,681,874</u>	<u>61,222,557</u>
Net position - ending	<u>\$ 63,366,054</u>	<u>\$ 60,681,874</u>

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

CAPITAL ASSETS

CITY OF GRAND FORKS, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE

H-1

December 31, 2016

Governmental Funds Capital Assets:	
Land	\$ 38,404,915
Buildings	44,925,559
Improvements other than buildings	66,240,639
Machinery and equipment	24,741,380
Infrastructure	173,573,517
Construction in Progress	<u>1,343,446</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 349,229,456</u></u>

Investment in Governmental Funds Capital Assets by Source:

General obligation bonds and levies	\$ 129,721,708
Sales tax revenue bonds	19,235,000
Special Revenue Funds	49,245,039
General Fund Revenue	18,352,814
Contributions and donations from others	9,776,744
State Grants	56,766,648
Federal Grants	<u>66,131,503</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 349,229,456</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds that are allocated to governmental functions are included in governmental activities in the statement of net position.

CITY OF GRAND FORKS, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY

H-2

December 31, 2016

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction In Progress
General Government:							
Mayor and Council	\$ 123,992	\$	\$	\$	\$ 123,992	\$ -	\$ -
Attorney	5,434				5,434		
Assessor	32,393				32,393		
Auditor and Accounting	38,744				38,744		
City Hall	5,168,937	113,525	4,282,398		773,014		
Data Services	17,009				17,009		
Engineer	1,173,743				1,173,743		
Personnel	32,945				32,945		
Planning and Zoning	35,910				35,910		
Economic Development	7,386				7,386		
Total General Government	6,636,493	113,525	4,282,398		2,240,570		
Health and Welfare							
Health	739,730		34,495		705,235		
Total Health and Welfare	739,730		34,495		705,235		
Public Safety:							
Civil Preparedness	13,196		7,247		5,949		
Fire	12,749,205	545,004	6,021,475	44,192	6,138,534		
Municipal Court	598,218		537,540		60,678		
Police	10,194,470	38,000	2,487,567	214,764	7,454,139		
Public Safety Center	4,430,206		3,200,504	855,009	9,734	364,959	
Public Service Answering Point	44,707				44,707		
E-911	2,829,111		2,199,563		629,548		
Total Public Safety	30,859,113	583,004	14,453,896	1,113,965	14,343,289	364,959	
Highways and Streets							
Street Department	6,666,792	39,334	544,133	1,249	6,082,076		
Street System	179,693,497	7,182,440		1,213,718	346,236	169,607,657	1,343,446
Total Highways and Streets	186,360,289	7,221,774	544,133	1,214,967	6,428,312	169,607,657	1,343,446
Culture and Recreation							
Historic Preservation	1,160				1,160		
Public Library	439,023		116,530		322,493		
Total Culture & Recreation	440,183		116,530		323,653		
Cirrus Parking Lot	163,450			163,450			
Landscape Department	344,275				344,275		
Parking Facilities	2,536,105	2,514,958	20,000		1,147		
Public Buildings	28,174,463	7,431,833	20,405,421	117,297	219,912		
Senior Citizens	1,607,292		1,596,680		10,612		
Greenway	3,430,025			1,975,802	4,235	1,449,988	
Permanent Flood Protection	87,938,038	20,539,821	3,472,006	61,655,157	120,141	2,150,913	
Total Capital Assets	\$ 349,229,456	\$ 38,404,915	\$ 44,925,559	\$ 66,240,638	\$ 24,741,381	\$ 173,573,517	\$ 1,343,446

This schedule presents only the capital assets related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service that are allocated to governmental functions are included as governmental activities in the statement of net position. Land on this schedule includes \$6,570,001 of Right-of-Way costs included as infrastructure in the Statement of Net Position.

CITY OF GRAND FORKS, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

H-3

December 31, 2016

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Governmental Funds Capital Assets 12/31/16</u>
General Government:					
Mayor and Council	\$ 123,992			\$ -	\$ 123,992
Attorney	5,434				5,434
Assessor	32,393				32,393
Finance & Admin Services	40,735	1,009	3,000		38,744
City Hall	5,126,595	42,341			5,168,936
Information Services	17,009				17,009
Engineering	1,245,274	130,201	\$ 201,732		1,173,743
Human Resources	33,945		1,000		32,945
Planning and Zoning	35,910				35,910
Economic Development	7,386				7,386
Total General Government	<u>6,668,673</u>	<u>173,551</u>	<u>205,732</u>		<u>6,636,492</u>
Health and Welfare					
Health	769,936	52,669	82,875		739,730
Total Health and Welfare	<u>769,936</u>	<u>52,669</u>	<u>82,875</u>		<u>739,730</u>
Public Safety:					
Civil Preparedness		13,196			13,196
Fire	11,552,088	1,513,294	316,177		12,749,205
Municipal Court	598,218				598,218
Police	10,106,890	629,534	541,953		10,194,471
Public Safety Center	4,414,093	16,113			4,430,206
Public Service Answering Point	43,659	1,048			44,707
E-911	2,476,990	354,121	2,000		2,829,111
Total Public Safety	<u>29,191,938</u>	<u>2,527,306</u>	<u>860,130</u>		<u>30,859,114</u>
Highways and Streets					
Street Department	6,536,287	471,061	340,555		6,666,793
Street System	172,119,222	7,574,274			179,693,496
Total Highways and Streets	<u>178,655,509</u>	<u>8,045,335</u>	<u>340,555</u>		<u>186,360,289</u>
Culture and Recreation					
Historic Preservation	1,160				1,160
Public Library	425,877	54,086	40,940		439,023
Total Culture & Recreation	<u>427,037</u>	<u>54,086</u>	<u>40,940</u>		<u>440,183</u>
Cirrus Parking Lot					
Landscape Department	163,450	16,695			163,450
Parking Facilities	327,580		77,356		344,275
Public Buildings	2,613,461		3,900		2,536,105
Senior Citizens	28,178,363				28,174,463
Greenway	1,607,292				1,607,292
Permanent Flood Protection	3,430,025				3,430,025
	87,939,400		1,362		87,938,038
Total Capital Assets	<u>\$ 339,972,664</u>	<u>\$10,869,642</u>	<u>\$ 1,612,850</u>	<u>\$ -</u>	<u>\$ 349,229,456</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds that are allocated to governmental functions are included as governmental activities in the statement of net position.

SUPPORTING SCHEDULES

CITY OF GRAND FORKS, NORTH DAKOTA
 SCHEDULE OF CASH EQUIVALENTS AND INVESTMENTS ⁽¹⁾
 BY FINANCIAL INSTITUTION
 December 31, 2016

Description	Date of Maturity	Balance December 31, 2016	Yield
Wells Fargo Bank, Grand Forks:			
Surety Account		\$ 80,192	0.030%
Business Savings Account		24,570,715	0.030%
Grand Forks Growth Fund - EDA		557,770	0.030%
US Bank, St. Paul, MN			
Escrow Account - 2016C		2,049,447	
Bremer Bank, Grand Forks:			
Money Market Savings		13,068,540	0.510%
Choice Financial, Grand Forks:			
Business Savings		<u>2,478,300</u>	0.650%
Total Financial Institution Accounts		<u>42,804,964</u>	
US Bank:			
Federal Home Loan Mortgage Corp	6/25/17	233,075	0.772%
Bremer Bank - CD	8/28/17	7,000,000	0.840%
Various Banks - CD's	Sep-17	496,359	0.975%
Fed Farm Credit Banks	9/6/17	2,006,000	1.410%
Bremer Bank - CD	10/5/17	2,000,000	0.550%
Federal Home Loan Mortgage Corp	11/25/17	2,023,750	3.882%
Various Banks - CD's	12/11/17	248,714	1.450%
Frandsen Bank - CD	12/29/17	235,000	0.330%
Federal Home Loan Bank	2/25/18	1,270,007	3.174%
Various Banks - CD's	3/5/18	249,272	1.250%
Federal Home Loan Mortgage Corp	3/26/18	999,630	1.050%
Various Banks - CD's	8/27/18	249,766	1.350%
Federal National Mortgage	9/1/18	798,335	1.548%
Choice Financial - CD	9/4/18	2,050,560	0.700%
Various Banks - CD's	9/21/18	250,207	1.400%
Federal Home Loan Mortgage Corp	9/25/18	2,168,956	1.963%
Federal Home Loan Mortgage Corp	9/25/18	552,099	0.954%
Various Banks - CD's	9/28/18	248,112	1.300%
Alerus - CD	9/29/18	250,000	0.600%
Various Banks - CD's	Oct-18	747,897	1.700%
Federal National Mortgage	11/25/18	1,507,587	1.661%
Sallie Mae - CD	11/27/18	151,857	2.000%
Various Banks - CD's	12/11/18	249,508	2.000%
Various Banks - CD's	2/28/19	229,415	1.500%
Federal National Mortgage	3/1/19	675,680	2.430%
Various Banks - CD's	Mar-19	498,143	1.600%
Federal Home Loan Mortgage Corp	5/25/19	2,007,500	1.982%
Federal National Mortgage	6/1/19	1,782,725	2.085%
Various Banks - CD's	Jul-19	751,195	1.950%
Federal National Mortgage	08/01/19	14,944	1.919%
Federal National Mortgage	08/01/19	19,746	2.030%
Various Banks - CD's	Aug-19	750,482	2.083%
Federal National Mortgage	9/25/19	2,525,000	1.751%
Federal National Mortgage	10/1/19	1,443,058	1.667%
Federal National Mortgage	10/1/19	2,026,572	1.958%
Various Banks - CD's	Oct-19	752,881	2.050%
Various Banks - CD's	Dec-19	504,923	2.075%
Government National Mortgage Association	12/16/19	1,110,103	1.253%
Federal National Mortgage	1/1/20	2,345,337	3.142%
Federal National Mortgage	2/1/20	1,440,386	2.197%
Federal National Mortgage	4/1/20	1,693,024	1.766%
Various Banks - CD's	8/25/20	251,920	2.000%
Federal Home Loan Mortgage Corp	8/25/20	2,648,438	1.874%
Federal Home Loan Mortgage Corp	8/25/20	2,933,409	1.824%
Federal Home Loan Mortgage Corp	10/25/20	573,308	0.727%
Federal National Mortgage	11/1/21	1,970,000	1.715%
Federal National Mortgage	2/25/22	527,389	3.202%
Federal National Mortgage	3/1/22	683,845	1.355%
Federal National Mortgage	9/1/22	738,945	1.327%
Federal National Mortgage	10/1/22	806,736	1.246%
Federal National Mortgage	11/1/22	505,625	1.721%
Federal National Mortgage	12/25/22	658,350	2.321%
Federal National Mortgage	3/1/23	895,787	1.169%
Federal National Mortgage	7/1/23	1,023,629	1.533%
Federal Home Loan Mortgage Corp	7/15/23	2,055,029	1.849%
Federal Home Loan Mortgage Corp	2/15/27	1,520,752	3.199%
Federal National Mortgage	5/1/27	1,450,099	1.791%
Federal National Mortgage	10/1/27	<u>1,242,346</u>	2.972%
Total Investments US Bank		<u>67,043,412</u>	
Total Investments		67,043,412	
Cash on Hand and In Checking		3,432,768	0.03%
Alerus Center Cash		<u>3,330,235</u>	
TOTAL CASH AND INVESTMENTS		<u>\$ 116,611,379</u>	

(1) Does not include \$63,366,054 cash in Employee's Retirement System

CITY OF GRAND FORKS, NORTH DAKOTA

SUMMARY OF DEBT STATISTICS

DECEMBER 31, 2016

Market Value of Taxable Property - 2016	<u>\$ 4,172,283,578</u>
Assessed Valuation - 2016	<u>2,086,141,789</u>
Direct Debt	
Debt Supported by Special Assessments	61,706,056
Debt Supported by Sales Tax Revenue	6,215,667
General Obligation Debt	<u>8,483,130</u>
Total Direct Debt	76,404,853
Overlapping Debt	<u>52,127,444</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 128,532,297</u></u>

CITY OF GRAND FORKS, NORTH DAKOTA

Debt Statistics

	<u>Amount</u>	<u>Per Capita (1)</u>	<u>Percent of Market Value</u>	<u>Percent of Assessed Value</u>
Direct Debt	\$ 76,404,853	\$ 1,288.47	1.83%	3.66%
Overlapping Debt	<u>52,127,444</u>	<u>879.06</u>	<u>1.25%</u>	<u>2.50%</u>
Totals	<u><u>\$ 128,532,297</u></u>	<u><u>\$ 2,167.53</u></u>	<u><u>3.08%</u></u>	<u><u>6.16%</u></u>

NOTES: (1) 2016 census population 59,299

CITY OF GRAND FORKS, NORTH DAKOTA

DEBT STATEMENT

December 31, 2016

	<u>Outstanding</u>	<u>Sinking Funds</u>	<u>Net Liability</u>
<u>General Obligation Bonds:</u>			
2007 "A" GO Public Building Bonds	\$ 2,185,000	\$ 2,054,095	\$ 130,905
2008 "B" GO Refunding Bonds - Dike	1,900,000	82,113	1,817,887
2011 "E" GO Refunding Bonds - Dike*	1,415,000	14,389	1,400,611
2016 "C" GO Refunding Bonds*****	<u>2,735,000</u>	<u>4,904</u>	<u>2,730,096</u>
Net Liability General Obligation Bonds	<u>8,235,000</u>	<u>2,155,501</u>	<u>6,079,499</u>
<u>Revenue Bonds:</u>			
1997 "B" SRL WWTP - phase 1	1,695,000	1,176,783	518,217
1997 "D" SRL Southend Drainway - phase 1	485,000	398,661	86,339
1998 SRL Southend Drainway - phase 2	295,000	244,480	50,520
2000 "A" SRL Clearwell	2,770,000	1,325,999	1,444,001
2001 "D" SRL WWTP - phase 2	4,105,000	1,187,925	2,917,075
2002 "C" SRL WWTP - phase 3	2,070,000	503,356	1,566,644
2005 "E" SRL BioSolids Mgmt Project	2,300,000	390,542	1,909,458
2009 "B" Sewer Reserve Revenue and Refunding Bond	2,130,000	440,952	1,689,048
2009 "D" Water Reserve Revenue Refunding Bond	2,395,000	811,945	1,583,055
2010 "A" Sanitation Reserve Revenue Refunding Bond	1,140,000	404,195	735,805
2011 "D" Sewer Reserve Revenue Bond	2,070,000	242,050	1,827,950
2012 "B" Water Reserve Revenue Bond	3,210,000	417,588	2,792,412
2015 "A" Sanitation Reserve Revenue Refunding Bond****	7,340,000	599,924	6,740,076
2015 "C" Sewer Reserve Revenue Bonds	2,520,000	198,111	2,321,889
2016 "B" Sanitation Reserve Revenue Bonds	3,535,000	538,624	2,996,376
2016 "D" Mosquito Control Reserve Refunding Bonds*****	870,000	109,142	760,858
2016 Wastewater Revenue Loan - Bank of North Dakota (Loan #1)	309,152	56,542	252,610
2016 Wastewater Rev & Sales Tax Loan-Bank of N. Dakota (Loan #3)	<u>823,445</u>	<u>70,569</u>	<u>752,876</u>
Net Liability Revenue Bonds	<u>40,062,597</u>	<u>9,117,388</u>	<u>30,945,209</u>
<u>Sales Tax Revenue Bonds:</u>			
2007 "C" Sales Tax Reserve Revenue Refunding Bond-Cirrus	180,000	288,073	(108,073)
2011 "A" Sales Tax Reserve Revenue Refunding Bond - Dike**	2,030,000	453,715	1,576,285
2011 "F" Sales Tax Reserve Revenue Refunding Bond - Dike***	3,585,000	733,690	2,851,310
2015 "D" Sales Tax Revenue Refunding Bond*****	<u>38,480,000</u>	<u>10,597,709</u>	<u>27,882,291</u>
Net Liability Sales Tax Revenue Bonds	<u>44,275,000</u>	<u>12,073,187</u>	<u>32,201,813</u>
*2011E is Crossover Refunding of 2002G			
**2011A is Current Refunding of 2002H			
***2011F is Full Advance Refunding of 2001D			
****2015A is Current Refunding of 2009A (BABs)			
*****2015D is Current Refunding of 2005A			
*****2016C is Current Refunding of 2006B and Crossover Refunding of 2007A			
*****2016D is Current Refunding of 2007B			

CITY OF GRAND FORKS, NORTH DAKOTA

DEBT STATEMENT

December 31, 2016

	<u>Outstanding</u>	<u>Sinking Funds</u>	<u>Net Liability</u>
<u>Refunding Improvement Bonds:</u>			
2002 "A" SRL Water Reclamation Phase 1	\$ 495,000	\$ 4,956	\$ 490,044
2002 "B" SRL Water Reclamation Phase 2	640,000	143,118	496,882
2004 "A" Refunding Improvement	160,000	63,971	96,029
2005 "B" Refunding Improvement Bond	405,000	34,894	370,106
2006 "C" Refunding Improvement Bond	2,000,000	100,756	1,899,244
2007 "D" Refunding Improvement Bond	3,130,000	1,397,493	1,732,507
2008 "A" Refunding Improvement Refunding Bond	375,000	940,772	(565,772)
2008 "D" Refunding Improvement Bond	1,765,000	377,875	1,387,125
2009 "C" Refunding Improvement Refunding Bond	2,715,000	4,147,160	(1,432,160)
2009 "E" Refunding Improvement Bond	1,425,000	378,570	1,046,430
2010 "B" Refunding Improvement Bond - Dike	2,015,000	367,329	1,647,671
2010 "C" Refunding Improvement Bond	3,315,000	750,330	2,564,670
2011 "B" Refunding Improvement Refunding Bond*	1,405,000	1,029,112	375,888
2011 "C" Refunding Improvement Bond	4,125,000	2,027,812	2,097,188
2012 "A" Refunding Improvement Refunding Bond**	3,590,000	1,165,625	2,424,375
2013 "A" Refunding Improvement Refunding Bond	8,235,000	1,156,667	7,078,333
2014 "A" Refunding Improvement Bond	9,775,000	641,412	9,133,588
2015 "B" Refunding Improvement Bond	7,250,000	688,690	6,561,310
2016 "A" Refunding Improvement Bond	6,180,000	163,962	6,016,038
2016 Bank of North Dakota Special Assessment Loan (Loan #2)	1,280,808	-	1,280,808
	<u>60,280,808</u>	<u>15,580,504</u>	<u>44,700,304</u>
<u>Industrial Development Revenue Notes:</u>			
Corporate Center Project, Series 1999	392,943	9	392,934
Bremer Bank - Cirrus	1,179,107	-	1,179,107
	<u>1,572,050</u>	<u>9</u>	<u>1,572,041</u>
Net Liability Industrial Development Revenue Notes	<u>1,572,050</u>	<u>9</u>	<u>1,572,041</u>
Net Liability All Funds	<u>\$ 154,425,456</u>	<u>\$ 38,926,589</u>	<u>\$ 115,498,867</u>

*2011B Crossover Refunding of 2003A

**2012A Refunding Improvement Bond & Refunding of 2002F & 2003B

CITY OF GRAND FORKS, NORTH DAKOTA

SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY

As of December 31, 2016

Year	General Obligation & Tax Incr.	Revenue Bonds	Sales Tax Revenue Bonds	Refunding Improvement Bonds	Industrial Development Revenue Notes	Total Requirement
2017	\$ 3,404,620	\$ 7,196,721	\$ 5,544,880	\$ 7,797,649	\$ 724,116	\$ 24,667,986
2018	1,301,600	7,205,970	5,285,450	7,721,848	315,678	21,830,545
2019	1,291,100	5,927,295	5,292,325	7,241,317	309,323	20,061,360
2020	617,500	5,626,158	5,296,200	6,652,199	302,987	18,495,043
2021	619,550	4,021,457	5,194,750	6,140,355	222,254	16,198,367
2022	616,200	1,937,033	4,019,850	4,953,900	-	11,526,983
2023	352,600	1,951,482	4,016,100	4,519,488	-	10,839,670
2024	355,400	1,946,794	4,015,600	4,097,574	-	10,415,368
2025	352,600	1,948,514	4,012,850	3,899,363	-	10,213,327
2026	244,400	1,664,838	4,012,600	3,706,273	-	9,628,111
2027	-	1,571,944	4,014,350	3,417,213	-	9,003,507
2028	-	1,573,445	4,017,600	3,212,310	-	8,803,355
2029	-	1,581,395	4,011,850	2,860,330	-	8,453,575
2030	-	1,399,469	-	2,732,606	-	4,132,076
2031	-	1,397,994	-	2,434,410	-	3,832,405
2032	-	1,225,270	-	2,148,126	-	3,373,396
2033	-	978,176	-	1,873,984	-	2,852,160
2034	-	977,106	-	1,637,121	-	2,614,227
2035	-	975,493	-	1,199,903	-	2,175,396
2036	-	797,852	-	808,053	-	1,605,905
2037	-	800,509	-	548,953	-	1,349,461
2038	-	802,183	-	543,103	-	1,345,285
2039	-	798,371	-	537,253	-	1,335,624
2040	-	349,234	-	526,159	-	875,393
2041	-	349,233	-	520,221	-	869,454
2042	-	349,233	-	459,283	-	808,517
2043	-	349,233	-	320,065	-	669,298
2044	-	349,234	-	320,065	-	669,299
2045	-	349,234	-	320,065	-	669,299
2046	-	231,494	-	320,065	-	551,559
	<u>\$ 9,155,570</u>	<u>\$ 56,632,364</u>	<u>\$ 58,734,405</u>	<u>\$ 83,469,254</u>	<u>\$ 1,874,358</u>	<u>\$ 209,865,951</u>
						\$ 209,865,951

CITY OF GRAND FORKS, NORTH DAKOTA
 DEBT SERVICE REQUIREMENT TO MATURITY
 GENERAL OBLIGATION AND TAX INCREMENT BONDS

December 31, 2016

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ 3,110,000	\$ 294,620	\$ 3,404,620
2018	1,140,000	161,600	1,301,600
2019	1,165,000	126,100	1,291,100
2020	530,000	87,500	617,500
2021	545,000	74,550	619,550
2022	555,000	61,200	616,200
2023	305,000	47,600	352,600
2024	320,000	35,400	355,400
2025	330,000	22,600	352,600
2026	235,000	9,400	244,400
	<u>\$ 8,235,000</u>	<u>\$ 920,570</u>	<u>\$ 9,155,570</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 DEBT SERVICE REQUIREMENTS TO MATURITY
 REVENUE BONDS

December 31, 2016

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ 6,037,136	\$ 1,197,998	\$ 7,235,134
2018	6,130,304	1,074,335	7,204,639
2019	5,009,258	916,679	5,925,937
2020	4,843,027	781,745	5,624,772
2021	3,362,403	657,641	4,020,044
2022	1,361,602	573,989	1,935,591
2023	1,410,886	539,125	1,950,011
2024	1,445,023	500,271	1,945,294
2025	1,484,712	462,271	1,946,983
2026	1,244,261	419,015	1,663,276
2027	1,183,903	386,448	1,570,351
2028	1,218,437	353,382	1,571,819
2029	1,263,466	316,270	1,579,736
2030	1,118,395	279,382	1,397,777
2031	1,148,424	247,844	1,396,268
2032	1,008,390	215,118	1,223,508
2033	788,787	187,593	976,380
2034	809,127	166,146	975,273
2035	829,576	144,047	973,623
2036	675,010	120,935	795,945
2037	695,804	102,758	798,562
2038	716,590	83,607	800,197
2039	732,495	63,851	796,346
2040	303,435	43,733	347,168
2041	309,661	37,464	347,125
2042	315,931	31,152	347,083
2043	322,327	24,712	347,039
2044	328,816	18,179	346,995
2045	335,510	11,440	346,950
2046	342,303	4,601	346,904
	<u>\$ 46,774,999</u>	<u>\$ 9,961,731</u>	<u>\$ 56,736,730</u>

Repayment schedule based upon Wastewater Loans (2) through Bank of North Dakota fully drawn upon. As of 12/31/16, only \$1,132,597 of \$7,740,632 limit drawn on.

CITY OF GRAND FORKS, NORTH DAKOTA

DEBT SERVICE REQUIREMENTS TO MATURITY
SALES TAX REVENUE BONDS

December 31, 2016

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	Requirement
2017	\$ 1,295,000	\$ 228,780	\$ 2,175,000	\$ 1,846,100	\$ 5,544,880
2018	1,070,000	188,100	2,290,000	1,737,350	5,285,450
2019	1,130,000	144,475	2,395,000	1,622,850	5,292,325
2020	1,175,000	98,100	2,520,000	1,503,100	5,296,200
2021	1,125,000	47,650	2,645,000	1,377,100	5,194,750
2022	-	-	2,775,000	1,244,850	4,019,850
2023	-	-	2,910,000	1,106,100	4,016,100
2024	-	-	3,055,000	960,600	4,015,600
2025	-	-	3,205,000	807,850	4,012,850
2026	-	-	3,365,000	647,600	4,012,600
2027	-	-	3,535,000	479,350	4,014,350
2028	-	-	3,715,000	302,600	4,017,600
2029	-	-	3,895,000	116,850	4,011,850
	<u>\$ 5,795,000</u>	<u>\$ 707,105</u>	<u>\$ 38,480,000</u>	<u>\$ 13,752,300</u>	<u>\$ 58,734,405</u>

CITY OF GRAND FORKS, NORTH DAKOTA
DEBT SERVICE REQUIREMENTS TO MATURITY
REFUNDING IMPROVEMENT BONDS

December 31, 2016

Year	Principal	Interest	Total Requirement
2017	\$ 5,748,480	\$ 2,049,169	\$ 7,797,649
2018	5,844,840	1,877,008	7,721,848
2019	5,546,467	1,694,850	7,241,317
2020	5,137,800	1,514,399	6,652,199
2021	4,794,934	1,345,421	6,140,355
2022	3,773,786	1,180,114	4,953,900
2023	3,467,715	1,051,773	4,519,488
2024	3,146,400	951,174	4,097,574
2025	3,040,808	858,555	3,899,363
2026	2,939,982	766,291	3,706,273
2027	2,739,240	677,973	3,417,213
2028	2,618,306	594,004	3,212,310
2029	2,348,011	512,319	2,860,330
2030	2,292,533	440,073	2,732,606
2031	2,067,147	367,263	2,434,410
2032	1,846,626	301,500	2,148,126
2033	1,631,652	242,332	1,873,984
2034	1,446,553	190,568	1,637,121
2035	1,056,552	143,351	1,199,903
2036	696,479	111,574	808,053
2037	456,854	92,099	548,953
2038	462,164	80,939	543,103
2039	467,581	69,672	537,253
2040	467,994	58,165	526,159
2041	473,746	46,475	520,221
2042	424,499	34,784	459,283
2043	295,370	24,695	320,065
2044	301,308	18,757	320,065
2045	307,469	12,596	320,065
2046	313,704	6,361	320,065
	<u>\$ 66,155,000</u>	<u>\$ 17,314,254</u>	<u>\$ 83,469,254</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 DEBT SERVICE REQUIREMENTS TO MATURITY
 INDUSTRIAL DEVELOPMENT REVENUE NOTES

December 31, 2016

Year	Governmental Activities		Business-type Activities		Total Requirement
	Principal	Interest	Principal	Interest	
2017	392,943	9,142	101,600	49,916	553,601
2018	-	-	281,530	42,025	323,555
2019	-	-	285,926	28,378	314,304
2020	-	-	290,474	14,604	\$305,078
2021	-	-	219,577	1,283	\$220,860
	<u>\$ 392,943</u>	<u>\$ 9,142</u>	<u>\$ 1,179,107</u>	<u>\$ 136,206</u>	<u>\$ 1,717,398</u>

Summary of Individual Bonds as of December 31, 2016

General Obligation Bonds :

\$3,490,000 2007 "A" GO Public Building Bonds; annual installments of \$65,000 to \$260,000 through December 1, 2026; interest at 4.25 percent to 4.625 percent	2,185,000
\$5,685,000 2008 "B" GO Dike Refunding Bonds; annual installments of \$500,000 to \$650,000 through December 1, 2019; interest at 3.5 percent to 4.0 percent	1,900,000
\$2,260,000 2011 "E" GO Dike Refunding Bonds; annual installments of \$205,000 to \$250,000 through December 1, 2022; interest at 2.0 percent to 3.0 percent	1,415,000
\$2,375,000 2016 "C" GO Refunding Bonds; annual installments of \$80,000 to \$330,000 through December 1, 2026; interest at 2.0 percent to 4.0 percent	<u>2,735,000</u>
Total General Obligation Bonds	<u>\$ 8,235,000</u>

Revenue Bonds :

1997 "B" SRF Loan WWTP - Phase 1; interest and admin at 3.0 percent paid as accrued until completion of project	\$ 1,695,000
1997 "D" SRF Loan Southend Drainway - Phase 1; interest and admin at 3.0 percent paid as accrued until completion of project	485,000
1998 SRF Loan Southend Drainway - Phase 1; interest and admin at 3.0 percent paid as accrued until completion of project	295,000
2000 "A" SRF Loan Clearwell; interest and admin at 3.0 percent paid as accrued until completion of project	2,770,000
2001 "D" SRF Loan WWTP - Phase 2 interest and admin at 3.0 percent paid as accrued until completion of project	4,105,000
2002 "C" SRF Loan WWTP - Phase 3; interest and admin at 3.0 percent paid as accrued until completion of project	2,070,000
2005 "E" SRF Loan BioSolids; interest and admin at 3.0 percent paid as accrued until completion of project	2,300,000

\$3,705,000 2009 "B" Sewer Reserve Revenue and Refunding Bonds; annual installments of \$110,000 to \$265,000 through Sept 1, 2029; interest at 2.0 percent to 4.0 percent	2,130,000
\$5,770,000 2009 "D" Water Reserve Revenue Refunding Bonds; annual installments of \$105,000 to \$640,000 through Sept 1, 2020; interest at 2.0 percent to 4.0 percent	2,395,000
\$2,635,000 2010 "A" Sanitation Reserve Revenue Refunding Bonds; annual installments of \$225,000 to \$300,000 through Sept 1, 2020; interest at 3.0 percent to 3.5 percent	1,140,000
\$2,645,000 2011 "D" Sewer Reserve Revenue Bonds; annual installments of \$110,000 to \$170,000 through Sept 1, 2031; interest at 2.0 percent to 3.75 percent	2,070,000
\$3,880,000 2012 "B" Water Reserve Revenue Bonds; annual installments of \$175,000 to \$240,000 through Sept 1, 2032; interest at 2.0 percent to 2.75 percent	3,210,000
\$7,705,000 2015 "A" Sanitation Reserve Revenue Refunding Bonds; annual installments of \$150,000 to \$435,000 through Sept 1, 2039; interest at 2.125 percent to 4.0 percent	7,340,000
\$2,640,000 2015 "C" Sewer Reserve Revenue Bonds; annual installments of \$105,000 to \$170,000 through Sept 1, 2035; interest at 2.0 percent to 4.00 percent	2,520,000
\$3,535,000 2016 "B" Sanitation Reserve Revenue Bonds; annual installments of \$690,000 to \$730,000 through Sept 1, 2021; interest at 2.0 percent	3,535,000
\$870,000 2016 "D" Mosquito Control Reserve Revenue Bonds; annual installments of \$85,000 to \$90,000 through Sept 1, 2026; interest at 2.0 percent	870,000
\$2,670,000 2016 Bank of North Dakota Wastewater Revenue Loan #1; annual installments of \$65,954 to \$115,410 through Sept 1, 2045; interest at 2.0 percent; Loan drawn upon as needed through life of project	309,152
\$5,175,000 2016 Bank of North Dakota Wastewater Revenue Loan #3; annual installments of \$129,350 to \$226,893 through Sept 1, 2046; interest at 2.0 percent; Loan drawn upon as needed through life of project	823,446
Total Revenue Bonds	<u>\$ 40,062,598</u>

Sales Tax Revenue Bonds:

\$2,445,000 2007 "C" Sales Tax Reserve Revenue Refunding Bonds; annual installments of \$180,000 to \$300,000 through November 1, 2017; interest at 3.94 percent to 4.2 percent	180,000
\$3,860,000 2011 "A" Sales Tax Reserve Revenue Refunding Bonds; annual installments of \$350,000 to \$430,000 through December 1, 2021; interest at 2.0 percent to 3.0 percent	2,030,000
\$6,830,000 2011 "F" Sales Tax Reserve Revenue Refunding Bonds; annual installments of \$515,000 to \$760,000 through September 1, 2021; interest at 3.0 percent to 5.0 percent	3,585,000
\$40,380,000 2015 "D" Sales Tax Reserve Revenue Refunding Bonds; annual installments of \$1,900,000 to \$3,895,000 through December 1, 2029; interest at 3.0 percent to 5.0 percent	<u>38,480,000</u>
Total Sales Tax Revenue Bonds	<u>\$ 44,275,000</u>

Special Assessment Bonds:

2002 "A" SRF Loan Water Reclamation - Phase 1; interest and admin at 3 percent paid as accrued until completion of the project	\$ 495,000
2002 "B" SRF Loan Water Reclamation - Phase 2; interest and admin at 3 percent paid as accrued until completion of the project	640,000
\$2,365,000 2004 "A" Refunding Improvement bonds; annual installments of \$50,000 to \$110,000 through December 1, 2018; interest at 3.0 percent to 4.4 percent	160,000
\$2,195,000 2005 "B" Refunding Improvement bonds; annual installments of \$70,000 to \$115,000 through December 1, 2020; interest at 4.0 percent to 4.375 percent	405,000
\$7,320,000 2006 "C" Refunding Improvement bonds; annual installments of \$120,000 to \$395,000 through December 1, 2022; interest at 3.75 percent to 4.25 percent	2,000,000
\$6,210,000 2007 "D" Refunding Improvement bonds; annual installments of \$115,000 to \$400,000 through December 1, 2028; interest at 4.0 percent to 4.4 percent	3,130,000
\$2,310,000 2008 "A" Refunding Improvement Refunding bonds; annual installments of \$110,000 to \$330,000 through December 1, 2019; interest at 3.5 percent to 4.0 percent	375,000
\$3,410,000 2008 "D" Refunding Improvement bonds; annual installments of \$95,000 to \$275,000 through December 1, 2028; interest at 4.0 percent to 5.0 percent	1,765,000

\$7,560,000 2009 "C" Refunding Improvement Refunding bonds; annual installments of \$320,000 to \$925,000 through December 1, 2021; interest at 2.0 percent to 5.0 percent	2,715,000
\$2,200,000 2009 "E" Refunding Improvement bonds; annual installments of \$90,000 to \$140,000 through December 1, 2030; interest at 2.25 percent to 4.20 percent	1,425,000
\$3,195,000 2010 "B" Refunding Improvement bonds - Dike; annual installments of \$80,000 to \$205,000 through December 1, 2030; interest at 0.75 percent to 3.65 percent	2,015,000
\$4,805,000 2010 "C" Refunding Improvement bonds; annual installments of \$195,000 to \$320,000 through December 1, 2031; interest at 1.0 percent to 3.7 percent	3,315,000
\$2,830,000 2011 "B" Refunding Improvement Refunding bonds; annual installments of \$115,000 to \$400,000 through December 1, 2023; interest at 2.0 percent to 3.125 percent	1,405,000
\$5,695,000 2011 "C" Refunding Improvement bonds; annual installments of \$195,000 to \$410,000 through December 1, 2032; interest at 2.0 percent to 3.75 percent	4,125,000
\$5,290,000 2012 "A" Refunding Improvement Refunding bonds; annual installments of \$100,000 to \$475,000 through December 1, 2033; interest at 2.0 percent to 3.00 percent	3,590,000
\$9,360,000 2013 "A" Refunding Improvement Bond; annual installments of \$310,000 to \$565,000 through December 1, 2034; interest at 2.25 to 4.0 percent	8,235,000
\$10,415,000 2014 "A" Refunding Improvement Bond; annual installments of \$345,000 to \$640,000 through December 1, 2035; interest at 2.00 to 3.6 percent	9,775,000
\$7,250,000 2015 "B" Refunding Improvement Bond; annual installments of \$240,000 to \$510,000 through December 1, 2036; interest at 2.25 to 3.375 percent	7,250,000
\$6,180,000 2016 "A" Refunding Improvement Bond; annual installments of \$50,000 to \$370,000 through December 1, 2042; interest ranging from 2.0 to 3.125 percent	6,180,000
\$7,155,000 2016 Bank of North Dakota Special Assessment Loan #2; annual installments of \$178,840 to \$313,704 through December 1, 2046; interest at 2.0; Loan drawn upon as needed through life of project	1,280,808
Total Special Assessment Bonds	<u>\$ 60,280,808</u>

CITY OF GRAND FORKS, NORTH DAKOTA

SCHEDULE OF INSURANCE IN FORCE

December 31, 2016

<u>Type of Coverage and Name of Company</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>
Buildings and Contents State Fire and Tornado Fund	1971	07/01/16	06/30/17
Buildings and Contents-Leased Properties State Fire and Tornado Fund	2523	07/01/16	06/30/17
Boiler and Machinery Chubb Group of Insurance Co.	7641-45-41 WUC	02/07/16	02/07/17
Public Officials Error and Omissions Auto Liability and Comp. General North Dakota Insurance Reserve Fund	GL-44030 & BA22430	01/01/16	01/01/17
Equipment Floater North Dakota Insurance Reserve Fund	IM059124	01/01/16	01/01/17
Public Employee Blanket Bond North Dakota Bonding Fund	Bond #2634	Continuous	
Workers Compensation (Minnesota) Acuity	MN COMP X97083	5/16/2016	5/16/2017
Workers Compensation (North Dakota)	48710	1/1/2016	12/31/16
Flood Insurance Vaaler Ins./ American Banker's Insurance Company/Selective Insurance Co. of America 80 policies	Various	4/1/2016	04/01/17
Alerus Center Traveler's / Vaaler Ins.	P-630-3F694973-TIL-16	1/1/2016	12/31/16
Employee Health Insurance NDPERS - Sanford	NP2014-0001 (200014)	7/1/2015	06/30/17

* Except for specific covered services as outlined

<u>Details of Coverage</u>	<u>Co-Insurance</u>	<u>Liabilities Limit</u>	<u>Annual Premium</u>
Blanket real and personal property	90%	Replacement value	\$ 99,418
Blanket real and personal property	90%	Replacement value	39,665
Boiler and Machinery		\$75,000,000	23,157
General Liability/Auto Fleet and Public Officials Errors and Omissions		\$2,000,000 per occurrence	412,029
Equipment Floater Robberies inside & outside premises and safe burglary		\$11,113,274 \$622,000	35,520
Blanket Public Employee Bonding		\$2,000,000	- 0 -
Bodily injury		\$100,000 / \$100,000 / \$500,000	3,132
Bodily Injury	\$250		316,818
Flood insurance		\$5,000 / \$5,378,000	169,911
Building Business Personal Property Business Income and Extra Expense Outdoor Property (Signs)	100%	\$128,101,300 \$7,211,400 \$10,347,519 \$731,985	101,815
Employee Health Insurance	<u>PPO Plan</u> Single Deductible \$400 Single Coinsurance \$750 Family Deductible \$1,200 Family Coinsurance \$1,500	Unlimited *	4,182,893



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FOR NOTES

STATISTICAL SECTION

This part of the City of Grand Forks comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the readers understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

Financial Trends

Net Position by Component, Last Ten Fiscal Years
Changes in Net Position, Last Ten Fiscal Years
Program Revenue by Function, Last Ten Fiscal Years
Government-wide expenses by function/program
Fund Balances, Governmental Funds, Last Ten Fiscal Years
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

Revenue Capacity

Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years
Assessed and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years

Property Tax Levies and Collections, Last Ten Fiscal Years
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
Principal Property Tax Payers, Current Year and Nine Years Ago

Debt Capacity

Ratio of Outstanding Debt by Type, Last Ten Fiscal Years
Ratio of General Bonded Debt Outstanding, Last Ten Fiscal Years
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information, Last Ten Fiscal Years
Pledged Revenue Coverage, Last Ten Fiscal Years

Demographic and Economic Information

Demographic and Economic Statistics, Last Ten Fiscal Years
Principal Employers, Current Year and Nine Years Ago

Operating Information

Full-time Equivalent City Employees by Function/Program, last Eight Fiscal Years
Operating Indicators by Function/Program
Capital Asset Statistics by Function/Program

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report of the City of Grand Forks for the current and prior years.

CITY OF GRAND FORKS, NORTH DAKOTA
LAST TEN FISCAL YEARS
NET POSITION BY COMPONENT
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 65,709,896	\$ 62,759,249	\$ 71,231,327	\$ 86,294,637	\$ 86,234,283	\$ 108,829,130	\$ 109,324,565	\$ 114,139,103	\$ 126,665,238	\$ 130,152,880
Restricted	74,596,602	85,004,316	86,549,084	76,423,683	81,898,883	72,943,322	83,481,504	91,828,391	95,379,436	99,014,298
Unrestricted	8,110,352	9,146,698	10,525,243	10,055,656	11,865,191	4,256,994	5,503,547	7,785,156	(12,400,329) *	(15,251,671)
Total governmental activities net position	<u>\$ 148,416,850</u>	<u>\$ 156,910,263</u>	<u>\$ 168,305,654</u>	<u>\$ 172,773,976</u>	<u>\$ 179,998,357</u>	<u>\$ 186,029,446</u>	<u>\$ 198,309,616</u>	<u>\$ 213,752,650</u>	<u>\$ 209,644,345</u>	<u>\$ 213,915,507</u>
Business-type activities										
Net investment in capital assets	\$ 212,643,435	\$ 216,374,048	\$ 216,525,513	\$ 227,996,166	\$ 231,694,228	\$ 236,054,053	\$ 242,592,054	\$ 251,864,506	\$ 258,560,451	\$ 271,954,306
Restricted	16,723,601	17,535,097	16,495,995	12,446,640	13,540,646	13,693,995	15,664,297	14,702,712	15,731,506	22,934,533
Unrestricted	25,353,342	27,353,970	29,252,705	26,261,443	24,916,444	30,324,284	31,180,064	33,557,777	28,954,961 *	25,672,012
Total business-type activity net position	<u>\$ 254,720,378</u>	<u>\$ 261,263,115</u>	<u>\$ 262,274,213</u>	<u>\$ 266,704,249</u>	<u>\$ 270,151,318</u>	<u>\$ 280,072,332</u>	<u>\$ 289,436,415</u>	<u>\$ 300,124,995</u>	<u>\$ 303,246,918</u>	<u>\$ 320,560,851</u>
Primary government										
Net investment in capital assets	\$ 278,353,331	\$ 279,133,297	\$ 287,756,840	\$ 314,290,803	\$ 317,928,511	\$ 344,883,183	\$ 351,916,619	\$ 366,003,609	\$ 385,225,689	\$ 402,107,186
Restricted	91,320,203	102,539,413	103,045,079	88,870,323	95,439,529	86,637,317	99,145,801	106,531,103	111,110,942	121,948,831
Unrestricted	33,463,694	36,500,668	39,777,948	36,317,099	36,781,635	34,581,278	36,683,611	41,342,933	16,554,632 *	10,420,341
Total primary government net position	<u>\$ 403,137,228</u>	<u>\$ 418,173,378</u>	<u>\$ 430,579,867</u>	<u>\$ 439,478,225</u>	<u>\$ 450,149,675</u>	<u>\$ 466,101,778</u>	<u>\$ 487,746,031</u>	<u>\$ 513,877,645</u>	<u>\$ 512,891,263</u>	<u>\$ 534,476,358</u>

* This decrease in unrestricted fund balance is largely due to the implementation of GASB Statement No. 68 in 2015

**CITY OF GRAND FORKS, NORTH DAKOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental Activities										
General Government	\$ 14,095,473	\$ 14,648,537	\$ 14,418,413	\$ 16,105,016	\$ 15,598,096	\$ 14,634,258	\$ 14,250,445	\$ 15,310,943	\$ 17,402,572	\$ 15,935,547
Health and Welfare	2,167,105	2,259,347	2,453,416	2,587,095	2,580,583	2,602,529	2,925,097	2,874,676	3,109,041	3,084,975
Public Safety	17,494,026	15,576,655	16,643,635	17,071,913	17,838,004	19,122,732	20,006,011	20,597,566	20,457,799	25,795,308
Highways and Streets	7,260,066	5,158,745	5,481,168	6,041,236	5,896,760	5,780,505	6,488,909	6,769,551	7,069,516	7,759,336
Culture and Recreation	1,641,498	1,413,794	1,422,235	1,689,190	1,771,715	1,737,105	1,920,480	2,228,092	2,250,772	2,348,159
Public Works	3,920,775	6,941,171	4,567,036	4,134,841	4,247,688	4,179,045	7,785,846	6,273,310	2,595,304	5,806,722
Interest on Long-term Debt	4,956,601	4,892,448	3,977,547	3,968,960	3,654,519	3,706,349	2,610,173	2,772,129	2,746,816	2,710,099
Total Governmental Activities Expenses	51,535,544	50,890,697	48,963,450	51,598,251	51,587,365	51,762,523	55,986,961	56,826,267	55,631,820	63,440,146
Business-type Activities										
Sanitation	7,093,833	7,516,213	7,261,813	6,945,529	8,411,026	7,792,809	8,061,528	8,197,805	8,699,478	9,653,515
Sewer	8,384,589	8,183,058	7,981,214	7,981,815	8,627,547	8,502,137	8,559,150	8,647,107	8,828,856	9,069,420
Waterworks	8,584,683	8,606,855	8,779,073	8,708,339	8,699,845	9,063,768	9,372,318	9,398,557	9,303,297	9,539,279
Stormsewer	1,850,516	2,050,180	2,296,775	2,304,361	2,591,535	2,500,655	2,733,320	2,815,045	2,938,749	2,988,594
Mosquito Control	812,265	741,008	744,112	828,501	799,264	656,754	927,084	849,760	890,242	971,488
Public Transit	1,872,091	1,911,944	1,920,073	2,316,618	2,400,839	2,550,478	2,566,939	2,658,813	2,544,033	2,953,157
Dial-A-Ride	266,529	324,481	348,243	386,548	734,313	729,942	1,682,978	1,011,745	1,316,446	1,172,906
Alerus	8,999,842	9,809,064	9,593,781	8,988,997	9,072,787	9,226,064	9,633,226	9,486,675	10,624,525	9,493,992
Job Development Authority	4,539,298	3,241,237	2,574,871	3,952,091	3,608,692	2,211,890	2,805,586	2,329,637	2,120,933	2,373,012
Downtown Parking	294,692	512,557	297,545	223,787	237,682	344,326	304,177	436,713	435,199	437,045
Total Business-type Activities Expenses	42,698,338	42,896,597	41,797,500	42,636,586	45,183,530	43,578,823	46,646,306	45,831,857	47,701,758	48,652,408
Total Primary Government Expenses	\$ 94,233,882	\$ 93,787,294	\$ 90,760,950	\$ 94,234,837	\$ 96,770,895	\$ 95,341,346	\$ 102,633,267	\$ 102,658,124	\$ 103,333,578	\$ 112,092,554
Program Revenue										
Governmental Activities:										
Charges for Services:										
General Government	\$ 3,369,720	\$ 5,558,420	\$ 5,378,775	\$ 5,451,259	\$ 5,697,621	\$ 6,865,735	\$ 7,438,828	\$ 8,004,752	\$ 8,006,094	\$ 7,407,230
Health and Welfare	605,494	658,370	754,806	760,074	1,745,294	747,414	809,609	775,186	785,831	772,966
Public Safety	2,018,093	1,676,203	1,602,899	1,821,123	1,843,835	1,911,542	1,800,399	1,828,136	1,701,060	2,088,737
Highways and Streets		4,150	2,078		18,451	49,035	-	-	-	-
Culture & Recreation	41,683	42,691	43,409	43,207	44,739	45,765	50,161	47,749	47,935	49,348
Public Works										
Operating Grants and Contributions	11,347,117	7,054,415	8,480,075	9,527,390	9,041,441	9,871,690	8,160,598	10,274,683	8,827,214	6,998,370
Capital Grants and Contributions	13,135,937	12,829,077	12,423,086	6,834,487	7,625,664	5,299,838	13,414,188	10,120,736	12,974,596	12,955,813
Total Governmental Activities Program Revenue	30,518,044	27,823,326	28,685,128	24,437,540	26,017,045	24,791,019	31,673,783	31,051,242	32,342,730	30,272,464
Business-type Activities:										
Charges for Services:										
Sanitation	7,249,632	7,520,939	7,484,082	7,498,400	7,910,440	8,119,857	8,515,689	9,434,406	10,356,324	10,438,353
Sewer	8,481,995	7,546,960	7,139,634	7,399,876	8,083,746	8,178,056	8,780,703	9,010,657	9,544,207	9,791,487
Waterworks	8,015,941	7,663,868	7,753,898	7,770,316	8,206,674	8,783,984	9,440,550	9,503,559	10,220,009	10,798,473
Stormwater	1,546,146	1,537,398	1,582,214	1,631,539	1,785,930	2,105,626	2,307,860	2,545,997	2,597,004	3,132,765
Mosquito Control	763,178	773,780	774,300	779,311	802,039	812,942	821,991	844,214	884,826	985,032
Public Transit	395,284	420,923	408,660	431,198	498,674	526,513	571,160	585,696	592,407	574,409
Dial-A-Ride	1,346	1,688	2,994	2,521	586	2,633	3,539	2,107	400	145,951
Alerus Center	3,497,358	3,881,121	3,865,723	3,488,985	3,587,015	4,643,761	5,185,088	4,605,649	5,019,402	4,708,955
Job Development Authority	3,779,187	3,612,184	3,377,461	3,095,668	2,334,700	2,298,244	2,442,334	2,454,406	2,297,859	3,210,665
Downtown Parking	214,462	205,575	230,841	314,013	322,690	483,983	449,013	412,806	342,713	438,711
Operating Grants and Contributions	936,518	1,013,855	1,128,241	1,370,233	1,366,447	1,873,567	2,386,956	2,387,488	4,539,439	1,776,330
Capital Grants and Contributions	3,125,355	5,064,009	1,705,571	4,549,332	2,597,326	2,451,513	7,042,605	4,702,011	2,197,448	9,266,187
Total Business-type Activities Program Revenue	38,006,402	39,242,300	35,453,619	38,331,392	37,496,267	40,280,679	47,947,488	46,488,996	48,592,038	55,267,318
Total Primary Government Program Revenue	\$ 68,524,446	\$ 67,065,626	\$ 64,138,747	\$ 62,768,932	\$ 63,513,312	\$ 65,071,698	\$ 79,621,271	\$ 77,540,238	\$ 80,934,768	\$ 85,539,782

CITY OF GRAND FORKS, NORTH DAKOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental Activities	\$ (21,017,500)	\$ (23,067,371)	\$ (20,278,322)	\$ (27,160,711)	\$ (25,570,320)	\$ (26,971,504)	\$ (24,313,178)	\$ (25,775,025)	\$ (23,289,090)	\$ (33,167,682)
Business-type activities	(4,691,936)	(3,654,297)	(6,343,881)	(4,305,194)	(7,687,263)	(3,298,144)	1,301,182	657,139	890,280	6,614,910
Total Net Expense	<u>\$ (25,709,436)</u>	<u>\$ (26,721,668)</u>	<u>\$ (26,622,203)</u>	<u>\$ (31,465,905)</u>	<u>\$ (33,257,583)</u>	<u>\$ (30,269,648)</u>	<u>\$ (23,011,996)</u>	<u>\$ (25,117,886)</u>	<u>\$ (22,398,810)</u>	<u>\$ (26,552,772)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 13,818,803	\$ 14,233,090	\$ 14,260,184	\$ 14,505,839	\$ 15,360,710	\$ 15,680,508	\$ 15,980,163	\$ 17,377,569	\$ 17,547,774	\$ 18,064,474
Sales Taxes	9,327,398	9,311,015	9,040,669	9,290,589	9,946,223	10,941,495	11,221,705	11,405,568	11,807,520	11,386,164
Other Taxes	407,120	357,519	347,005	411,570	462,865	496,779	505,662	594,311	891,893	1,136,931
State aid distribution	2,169,580	2,356,905	2,281,677	2,656,472	3,312,280	4,271,719	4,337,779	4,911,792	4,308,754	3,164,182
Franchise Taxes	1,877,211	2,083,262	1,961,045	1,981,375	2,179,168	2,112,520	2,365,170	2,507,400	2,471,991	2,452,984
Investment Earnings	3,077,058	2,405,061	1,421,035	995,961	831,646	999,883	(59,189)	973,515	455,804	701,848
Gain(loss) on disposition of capital assets	-	-	-	-	-	-	37	1,000	858,642	35,666
Miscellaneous	1,025,701	944,623	1,006,383	763,132	793,701	435,595	245,113	1,448,041	205,898	247,658
Transfers	(418,849)	(130,691)	1,355,715	1,024,095	(91,892)	(1,935,906)	2,590,205	1,998,863	1,401,853	248,937
Total Governmental Activities	<u>31,284,022</u>	<u>31,560,784</u>	<u>31,673,713</u>	<u>31,629,033</u>	<u>32,794,701</u>	<u>33,002,593</u>	<u>37,186,645</u>	<u>41,218,059</u>	<u>39,950,129</u>	<u>37,438,844</u>
Business-type Activities:										
Property tax	679,375	732,856	769,353	790,411	811,463	836,047	862,632	920,869	999,737	1,073,660
Sales tax	7,263,304	7,271,841	7,068,739	7,263,062	7,776,631	8,554,897	8,771,968	8,938,572	9,227,105	8,916,161
Other taxes	11,355	11,351	11,443	15,354	17,825	19,129	19,355	22,787	30,974	28,937
Investment Earnings	2,454,562	1,968,752	458,365	1,447,283	1,369,837	1,032,021	766,605	1,082,214	848,607	884,722
Gain (loss) on sale of capital assets	886,248	53,542	44,946	95,332	42,227	29,893	625,328	896,373	78,922	24,721
Lawsuit Settlement	-	-	349,348	-	-	275,000	-	-	-	-
Miscellaneous	-	28,001	8,500	147,883	1,024,457	536,265	629,556	169,489	72,605	19,759
Transfers	418,849	130,691	(1,355,715)	(1,024,095)	91,892	1,935,906	(2,590,205)	(1,998,863)	(1,401,853)	(248,937)
Total Business-type Activities	<u>11,713,693</u>	<u>10,197,034</u>	<u>7,354,979</u>	<u>8,735,230</u>	<u>11,134,332</u>	<u>13,219,158</u>	<u>9,085,239</u>	<u>10,031,441</u>	<u>9,856,097</u>	<u>10,699,023</u>
Total Primary Government	<u>\$ 42,997,715</u>	<u>\$ 41,757,818</u>	<u>\$ 39,028,692</u>	<u>\$ 40,364,263</u>	<u>\$ 43,929,033</u>	<u>\$ 46,221,751</u>	<u>\$ 46,271,884</u>	<u>\$ 51,249,500</u>	<u>\$ 49,806,226</u>	<u>\$ 48,137,867</u>
Change in Net Position										
Governmental Activities	\$ 10,266,522	\$ 8,493,413	\$ 11,395,391	\$ 4,468,322	\$ 7,224,381	\$ 6,031,089	\$ 12,873,467	\$ 15,443,034	\$ 16,661,039	\$ 4,271,162
Business-type Activities	7,021,757	6,542,737	1,011,098	4,430,036	3,447,069	9,921,014	10,386,421	10,688,580	10,746,377	17,313,933
Total Change in Net Position Primary Government	<u>\$ 17,288,279</u>	<u>\$ 15,036,150</u>	<u>\$ 12,406,489</u>	<u>\$ 8,898,358</u>	<u>\$ 10,671,450</u>	<u>\$ 15,952,103</u>	<u>\$ 23,259,888</u>	<u>\$ 26,131,614</u>	<u>\$ 27,407,416</u>	<u>\$ 21,585,095</u>

**CITY OF GRAND FORKS, NORTH DAKOTA
PROGRAM REVENUE BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 10,382,771	\$ 8,030,092	\$ 8,549,492	\$ 9,636,722	\$ 8,530,658	\$ 9,772,303	\$ 8,391,071	\$ 10,767,799	\$ 10,072,906	\$ 7,843,090
Health and welfare	1,534,714	1,558,083	1,806,683	1,955,832	2,843,460	1,877,437	2,185,088	2,026,574	2,213,992	2,228,384
Public safety	5,883,457	3,235,045	3,624,426	4,004,295	3,326,722	4,304,810	3,819,423	3,891,176	2,953,454	3,459,529
Highways and streets	2,469,516	2,789,724	4,243,654	3,079,215	4,562,232	4,585,273	6,013,520	3,806,820	3,541,765	3,101,680
Culture and recreation	515,500	514,423	760,109	796,423	750,520	689,615	731,181	760,496	789,761	815,582
Public works/flood protection	9,732,086	11,695,959	9,700,764	4,965,053	6,003,453	3,561,581	10,533,500	9,798,377	12,770,852	12,824,199
Subtotal governmental activities	<u>\$ 30,518,044</u>	<u>\$ 27,823,326</u>	<u>\$ 28,685,128</u>	<u>\$ 24,437,540</u>	<u>\$ 26,017,045</u>	<u>\$ 24,791,019</u>	<u>\$ 31,673,783</u>	<u>\$ 31,051,242</u>	<u>\$ 32,342,730</u>	<u>\$ 30,272,464</u>
Business-type activities:										
Sanitation	\$ 7,249,632	\$ 7,520,939	\$ 7,504,527	\$ 7,498,400	\$ 7,910,440	\$ 8,119,857	\$ 8,515,689	\$ 9,434,406	\$ 10,356,324	\$ 10,438,353
Sewer	9,057,053	8,888,773	7,861,320	7,444,823	8,440,300	8,396,331	10,617,220	9,454,702	10,171,648	10,884,636
Water	8,367,881	7,904,884	7,758,611	7,770,316	8,589,772	8,893,827	10,523,841	10,613,277	13,058,118	15,615,848
Stormsewer	2,239,973	4,978,812	2,075,238	3,599,559	3,307,325	3,538,956	5,950,906	6,047,532	3,532,196	5,907,794
Mosquito Control	1,066,173	815,718	796,153	795,191	817,039	827,942	831,741	851,214	895,949	988,532
Public Transit	1,114,762	1,149,134	1,516,721	3,838,261	1,659,766	1,856,568	1,755,574	1,815,174	1,495,393	2,131,015
Dial-A-Ride	307,257	270,350	328,695	287,680	508,361	350,238	1,447,565	669,006	1,403,731	926,799
Alerus	3,685,628	3,895,931	4,004,052	3,515,300	3,605,874	4,687,946	5,396,192	4,683,981	5,038,107	4,724,965
Job Development Authority	4,703,581	3,612,184	3,377,461	3,267,849	2,334,700	3,125,031	2,459,747	2,506,898	2,297,859	3,210,665
Downtown parking	214,462	205,575	230,841	314,013	322,690	483,983	449,013	412,806	342,713	438,711
Subtotal business-type activities	<u>\$ 38,006,402</u>	<u>\$ 39,242,300</u>	<u>\$ 35,453,619</u>	<u>\$ 38,331,392</u>	<u>\$ 37,496,267</u>	<u>\$ 40,280,679</u>	<u>\$ 47,947,488</u>	<u>\$ 46,488,996</u>	<u>\$ 48,592,038</u>	<u>\$ 55,267,318</u>
Total primary government	<u><u>\$ 68,524,446</u></u>	<u><u>\$ 67,065,626</u></u>	<u><u>\$ 64,138,747</u></u>	<u><u>\$ 62,768,932</u></u>	<u><u>\$ 63,513,312</u></u>	<u><u>\$ 65,071,698</u></u>	<u><u>\$ 79,621,271</u></u>	<u><u>\$ 77,540,238</u></u>	<u><u>\$ 80,934,768</u></u>	<u><u>\$ 85,539,782</u></u>

Note: Fluctuations in program revenue of governmental activities are due to the level of construction activity/capital contribution in the permanent flood protection project.

CITY OF GRAND FORKS, NORTH DAKOTA
GOVERNMENT WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	\$ 15,640,612	\$ 14,648,537	\$ 14,418,413	\$ 16,105,016	\$ 15,598,096	\$ 14,634,258	\$ 14,250,445	\$ 15,310,943	\$ 17,402,572	\$ 15,935,547
Health and Welfare	2,235,820	2,259,347	2,453,416	2,587,095	2,580,583	2,602,529	2,925,097	2,874,676	3,109,041	3,084,975
Public Safety	17,494,026	15,576,655	16,643,635	17,071,913	17,838,004	19,122,732	20,006,011	20,597,566	20,457,799	25,795,308
Highways and Streets	7,260,066	5,158,745	5,481,168	6,041,236	5,896,760	5,780,505	6,488,909	6,769,551	7,069,516	7,759,336
Culture and Recreation	1,641,498	1,413,794	1,422,235	1,689,190	1,771,715	1,737,105	1,920,480	2,228,092	2,250,772	2,348,159
Public Works	2,306,921	6,941,171	4,567,036	4,134,841	4,247,688	4,179,045	7,785,846	6,273,310	2,595,304	5,806,722
Interest on Long-term Debt	4,956,601	4,892,448	3,977,547	3,968,960	3,654,519	3,706,349	2,610,173	2,772,129	2,746,816	2,710,099
Sanitation	7,093,833	7,516,213	7,261,813	6,945,529	8,411,026	7,792,809	8,061,528	8,197,805	8,699,478	9,653,515
Sewer	8,384,589	8,183,058	7,981,214	7,981,815	8,627,547	8,502,137	8,559,150	8,647,107	8,828,856	9,069,420
Waterworks	8,584,683	8,606,855	8,779,073	8,708,339	8,699,845	9,063,768	9,372,318	9,398,557	9,303,297	9,539,279
Stormsewer	1,850,516	2,050,180	2,296,775	2,304,361	2,591,535	2,500,655	2,733,320	2,815,045	2,938,749	2,988,594
Mosquito Control	812,265	741,008	744,112	828,501	799,264	656,754	927,084	849,760	890,242	971,488
Public Transit	1,872,091	1,911,944	1,920,073	2,316,618	2,400,839	2,550,478	2,566,939	2,658,813	2,544,033	2,953,157
Dial-A-Ride	266,529	324,481	348,243	386,548	734,313	729,942	1,682,978	1,011,745	1,316,446	1,172,906
Alerus Center	8,999,842	9,809,064	9,593,781	8,988,997	9,072,787	9,226,064	9,633,226	9,486,675	10,624,525	9,493,992
Job Development Authority	4,539,298	3,241,237	2,574,871	3,952,091	3,608,692	2,211,890	2,805,586	2,329,637	2,120,933	2,373,012
Downtown Parking	294,692	512,557	297,545	223,787	237,682	344,326	304,177	436,713	435,199	437,045
Total	\$ 94,233,882	\$ 93,787,294	\$ 90,760,950	\$ 94,234,837	\$ 96,770,895	\$ 95,341,346	\$ 102,633,267	\$ 102,658,124	\$ 103,333,578	\$ 112,092,554

Table 5

CITY OF GRAND FORKS, NORTH DAKOTA
 FUND BALANCES OF GOVERNMENTAL FUNDS*
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Non-spendable					\$ 28,901	\$ 28,901	\$ 28,901	\$ 28,901	\$ 28,901	\$ 28,901
Restricted										
Committed					1,660,676	1,648,730	1,334,361	1,261,728	2,845,595	2,695,281
Assigned					2,216,383	1,857,439	1,808,180	2,293,611	3,009,864	2,821,898
Unassigned					7,694,117	9,088,319	8,742,287	10,187,119	8,204,666	8,520,180
Reserved	\$ 6,076	\$ 143,486	\$ 9,007	\$ 5,680						
Unreserved	8,162,811	7,962,152	7,840,268	7,756,476						
Total General Fund	<u>\$ 8,168,887</u>	<u>\$ 8,105,638</u>	<u>\$ 7,849,275</u>	<u>\$ 7,762,156</u>	<u>\$11,600,077</u>	<u>\$ 12,623,389</u>	<u>\$11,913,729</u>	<u>\$ 13,771,359</u>	<u>\$ 14,089,026</u>	<u>\$ 14,066,260</u>
All Other Governmental Funds										
Non-spendable					\$ 299,518	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					48,017,485	35,040,253	43,161,656	52,550,073	51,925,748	51,503,373
Committed					1,413,300	3,166,637	3,217,606	3,801,994	4,292,660	4,531,078
Assigned					59,600					
Unassigned					(95,795)					
Reserved	\$ 18,056,585	\$ 27,023,570	\$ 29,501,267	\$ 21,884,654						
Unreserved										
Special Revenue Funds	12,175,320	14,118,197	16,584,326	16,910,620						
Capital Projects Funds	7,009,083	3,457,998	3,617,405	4,393,758						
Debt Service Funds										
Total all Other Governmental Funds	<u>\$ 37,240,988</u>	<u>\$ 44,599,765</u>	<u>\$ 49,702,998</u>	<u>\$ 43,189,032</u>	<u>\$ 49,694,108</u>	<u>\$ 38,206,890</u>	<u>\$ 46,379,262</u>	<u>\$ 56,352,067</u>	<u>\$ 56,218,408</u>	<u>\$ 56,034,451</u>

*The City implemented GASB Statement 54 in 2011, this table reflects this change starting in 2011.

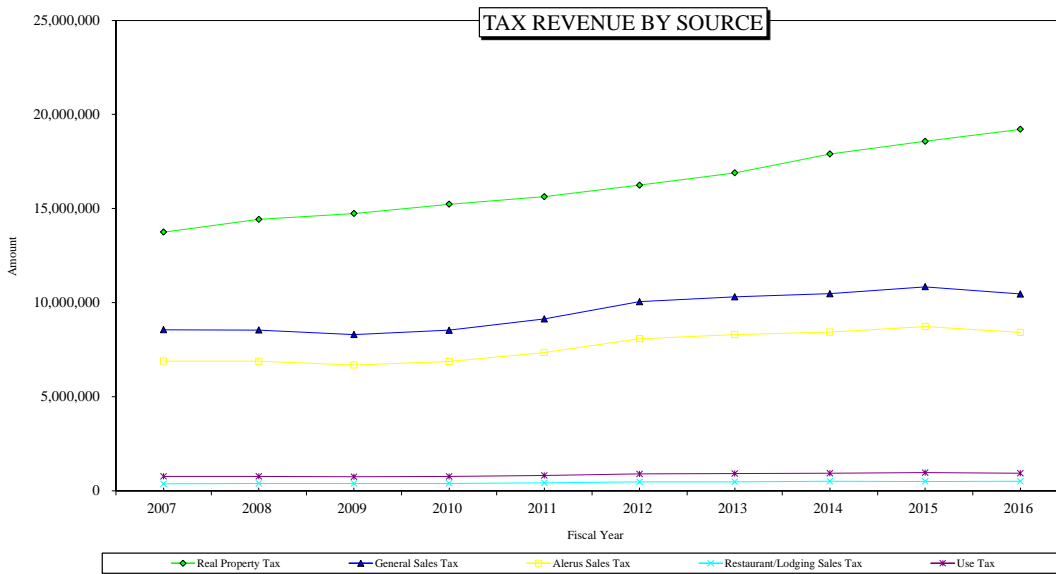
CITY OF GRAND FORKS, NORTH DAKOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 23,146,200	\$ 23,492,441	\$ 23,210,350	\$ 23,705,051	\$ 25,209,797	\$ 26,559,528	\$ 27,201,868	\$ 28,783,137	\$ 29,355,294	\$ 29,450,638
Licenses, fees and permits	1,455,972	1,296,827	1,378,480	1,293,388	1,735,385	1,806,907	2,219,434	2,872,086	2,210,419	1,737,903
Fines and forfeitures	1,277,164	849,484	744,003	790,657	819,005	958,635	795,907	805,196	905,661	871,577
Charges for services	3,301,854	5,793,387	5,659,483	5,991,617	6,777,101	6,831,145	7,024,458	6,928,495	7,353,742	7,819,779
Special assessments	7,368,854	7,150,179	11,872,439	8,455,376	7,613,680	7,140,492	8,127,614	10,931,501	8,593,147	8,683,063
Intergovernmental	16,252,201	10,161,475	13,283,074	14,631,674	14,846,338	16,453,319	15,944,679	16,158,046	14,302,703	11,372,547
Investment earnings	3,063,072	2,391,195	1,416,436	988,246	827,756	994,534	(57,288)	960,423	454,947	700,740
Other revenues	6,899,108	3,937,218	3,685,608	3,213,856	2,858,221	2,561,031	2,609,497	3,956,193	2,677,885	2,648,216
Total Revenues	62,764,425	55,072,206	61,249,873	59,069,865	60,687,283	63,305,591	63,866,169	71,395,077	65,853,798	63,284,463
Expenditures										
General government	14,819,160	13,810,889	13,528,578	15,022,224	14,394,064	13,729,434	13,061,276	14,418,375	16,118,958	14,730,723
Health and welfare	2,168,422	2,189,851	2,387,945	2,526,438	2,539,420	2,573,432	2,888,073	2,821,614	3,065,005	3,021,001
Public safety	17,844,311	14,554,316	15,564,586	15,884,396	16,930,756	18,147,514	18,802,101	19,406,824	19,274,148	21,320,986
Highways and streets	3,981,258	3,095,384	3,372,974	3,730,301	3,736,947	3,667,125	4,089,131	4,114,610	4,089,751	4,417,385
Culture & recreation	1,625,754	1,397,267	1,409,144	1,672,647	1,751,306	1,714,234	1,895,992	2,199,537	2,226,502	2,327,625
Capital outlay	11,282,973	11,736,698	7,543,530	10,726,809	10,018,332	11,284,285	15,252,731	16,936,999	19,548,583	15,443,257
Debt Service:										
Interest & fiscal charges	4,953,913	4,932,423	5,032,071	4,052,335	3,840,277	3,752,767	2,632,419	2,879,530	2,807,552	2,790,097
Defeasance costs	-	-	889,055	261,787	-	-	-	-	-	-
Principal	18,089,790	8,680,228	8,205,043	7,900,649	7,959,040	11,931,000	7,486,774	7,912,844	8,320,285	9,550,174
Total Expenditures	74,765,581	60,397,056	57,932,926	61,777,586	61,170,142	66,799,791	66,108,497	70,690,333	75,450,784	73,601,248
Excess of revenues over (under) expenditures	(12,001,156)	(5,324,850)	3,316,947	(2,707,721)	(482,859)	(3,494,200)	(2,242,328)	704,744	(9,596,986)	(10,316,785)
Other Financing Sources (Uses)										
Proceeds from borrowing	15,426,226	3,444,188	2,306,000	5,069,424	8,525,000	5,290,000	9,360,000	10,415,000	7,250,000	7,460,808
Premium on bonds issued	-	36,489	511,374	-	1,067,093	301,211	371,495	413,692	249,322	308,221
Discount on bonds issued	(63,701)	-	-	(98,354)	-	-	-	-	-	-
Proceeds from refunding	2,445,000	8,730,000	7,560,000	2,930,576	12,950,000	-	-	-	-	2,735,000
Redemption of refunded bonds	-	-	(8,805,945)	(12,030,000)	(11,570,604)	(12,230,000)	-	-	-	(860,000)
Sale of capital assets	37,930	531,842	140,583	387,269	38,259	112,453	386,698	100	2,252,851	369,424
Transfers in	18,632,510	13,571,129	13,730,523	18,705,644	9,582,297	10,073,716	11,296,928	11,518,710	29,476,505	12,625,688
Transfers out	(19,094,321)	(13,693,270)	(13,912,612)	(18,857,923)	(9,766,189)	(10,517,086)	(11,710,081)	(11,221,811)	(29,447,684)	(12,529,079)
Total other financing sources (uses)	17,383,644	12,620,378	1,529,923	(3,893,364)	10,825,856	(6,969,706)	9,705,040	11,125,691	9,780,994	10,110,062
Net change in fund balances	\$ 5,382,488	\$ 7,295,528	\$ 4,846,870	\$ (6,601,085)	\$ 10,342,997	\$ (10,463,906)	\$ 7,462,712	\$ 11,830,435	\$ 184,008	\$ (206,723)
Debt Service as a percentage of noncapital expenditures	37.49%	25.12%	25.70%	22.41%	21.96%	27.22%	17.61%	18.77%	19.87%	19.67%

CITY OF GRAND FORKS, NORTH DAKOTA

TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

Levy Year	Collection Year	Sales Tax Alerus Center (3/4%)	Restaurant/Lodging Sales Tax (1/4%)	General Sales Tax (1%)	Use Tax	Total Sales & Use Tax Collections	Taxable Sales & Purchases	Real Property Tax Levy
2006	2007	6,894,164	369,140	8,562,551	764,847	16,590,702	933,798,844	13,746,005
2007	2008	6,882,054	389,786	8,547,512	763,503	16,582,855	973,717,114	14,419,126
2008	2009	6,682,234	386,505	8,301,693	738,977	16,109,409	961,679,434	14,735,265
2009	2010	6,866,957	396,105	8,531,184	759,405	16,553,651	998,806,463	15,225,260
2010	2011	7,351,556	425,075	9,133,227	812,996	17,722,854	1,078,995,179	15,631,594
2011	2012	8,087,192	467,705	10,047,147	894,348	19,496,392	1,178,754,124	16,240,360
2012	2013	8,294,303	477,665	10,304,452	917,252	19,993,673	1,199,370,088	16,893,924
2013	2014	8,430,203	508,369	10,473,287	932,281	20,344,140	1,203,787,540	17,901,641
2014	2015	8,727,298	499,807	10,842,384	965,136	21,034,625	1,212,672,435	18,574,356
2015	2016	8,415,860	500,301	10,455,469	930,695	20,302,325	1,185,719,508	19,214,448

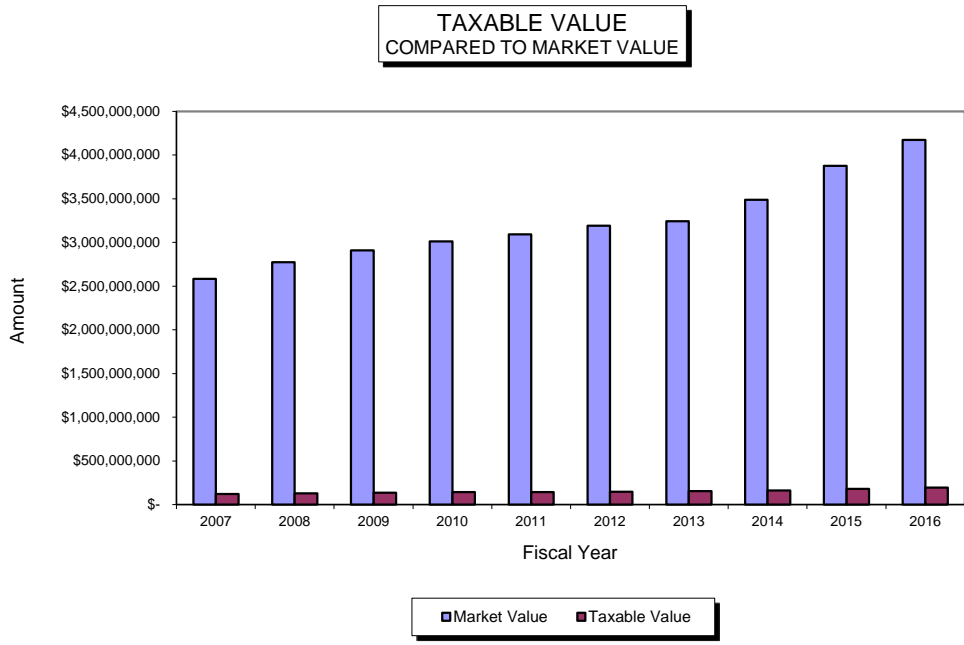




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FOR NOTES

CITY OF GRAND FORKS, NORTH DAKOTA
 ASSESSED AND ESTIMATED MARKET VALUE
 OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Estimated Market Value	Ratio of Assessed to Market Value	Taxable Value	Effective Tax Rate - Residential *	Effective Tax Rate - Commercial *
2007	\$ 1,290,898,900	\$ 2,581,797,800	50.0%	\$ 121,056,846	2.07%	2.30%
2008	1,387,122,180	2,774,244,360	50.0%	130,066,082	2.07%	2.30%
2009	1,455,060,580	2,910,121,160	50.0%	136,538,777	2.02%	2.25%
2010	1,505,275,380	3,010,550,760	50.0%	141,794,647	1.71%	1.90%
2011	1,545,638,480	3,091,276,960	50.0%	145,045,875	1.73%	1.92%
2012	1,595,003,090	3,190,006,180	50.0%	148,898,501	1.74%	1.94%
2013	1,620,801,900	3,241,603,800	50.0%	153,748,856	1.72%	1.94%
2014	1,743,501,150	3,487,002,300	50.0%	162,284,145	1.57%	1.75%
2015	1,938,089,950	3,876,179,900	50.0%	180,137,234	1.32%	1.47%
2016	2,086,141,789	4,172,283,578	50.0%	193,836,206	1.29%	1.43%



* Reflects all taxing entities

Property Value

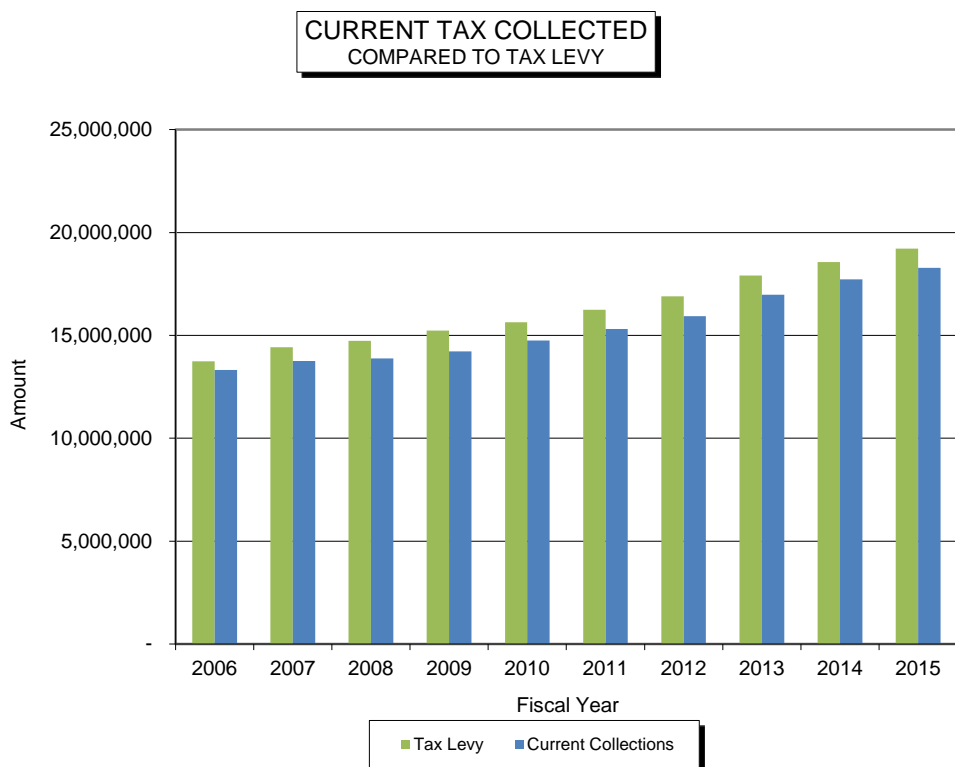
Year	Commercial	Residential	Agricultural	Public Utilities	Tax Increments	Total Estimated Market Value
2007	\$ 998,055,800	\$ 1,549,388,100	\$ 608,700	\$ 48,864,900	\$ (15,119,700)	\$ 2,581,797,800
2008	1,080,766,500	1,660,856,100	544,500	43,377,860	(11,300,600)	2,774,244,360
2009	1,145,375,800	1,723,110,000	396,500	42,201,940	(963,080)	2,910,121,160
2010	1,216,245,500	1,747,180,400	386,300	47,653,240	(914,680)	3,010,550,760
2011	1,264,463,420	1,776,316,800	474,400	50,937,020	(914,680)	3,091,276,960
2012	1,309,554,800	1,837,601,500	501,800	42,881,880	(533,800)	3,190,006,180
2013	1,312,876,000	1,877,535,800	634,300	51,091,500	(533,800)	3,241,603,800
2014	1,431,550,740	2,001,619,200	791,800	53,574,360	(533,800)	3,487,002,300
2015	1,620,478,400	2,199,343,500	826,000	56,065,800	(533,800)	3,876,179,900
2016	1,716,367,400	2,389,340,778	1,353,700	65,755,500	(533,800)	4,172,283,578

CITY OF GRAND FORKS, NORTH DAKOTA

PROPERTY TAX LEVY AND COLLECTION
LAST TEN FISCAL YEARS

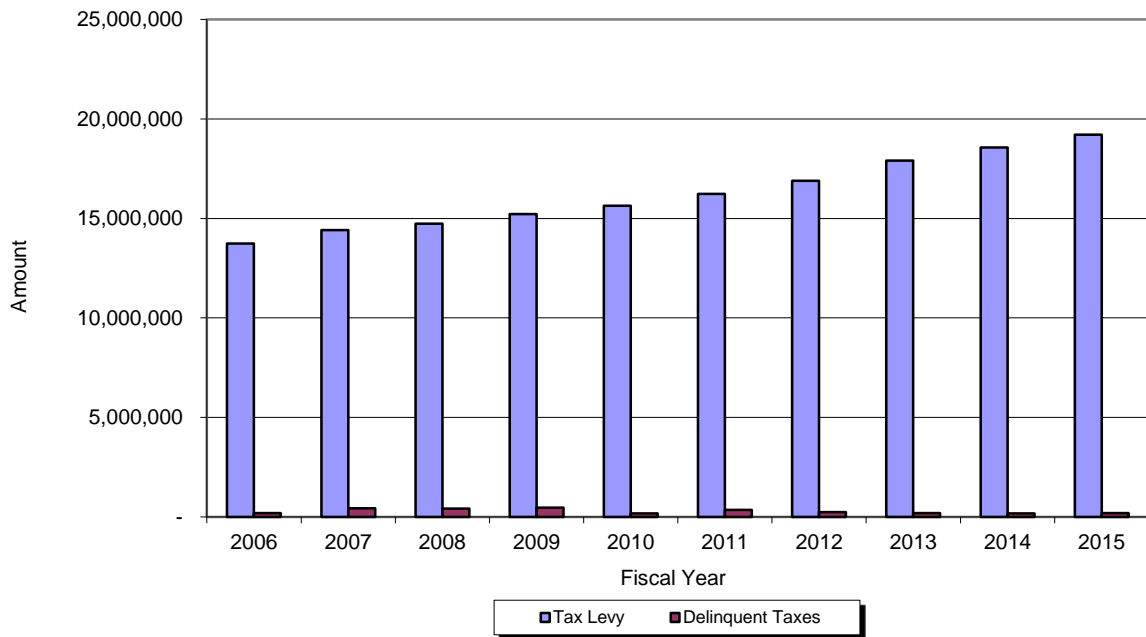
Levy Year(1)	Total Tax Levy	Discounts	Current Tax Collected	Percent of Levy Collected
2006	13,746,005	614,097	13,312,402	101.4%
2007	14,419,126	635,578	13,759,450	99.8%
2008	14,735,265	640,503	13,880,477	98.5%
2009	15,225,260	650,477	14,222,599	97.6%
2010	15,631,594	674,546	14,748,741	98.6%
2011	16,240,360	705,201	15,315,816	98.6%
2012	16,893,924	745,493	15,928,494	98.6%
2013	17,901,641	665,042	16,975,239	98.5%
2014	18,564,943	692,917	17,719,069	99.1%
2015	19,214,448	742,922	18,278,811	99.0%

(1) Collection year is one year later
(i.e., Levy Year 2015 Collection Year 2016)



Levy Year	Delinquent Tax Collection	Total Collection	Collection as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2006	238,192	13,550,594	98.6%	197,633	1.50%
2007	248,087	14,007,537	97.1%	439,469	3.19%
2008	266,509	14,146,986	96.0%	414,658	2.94%
2009	331,794	14,554,393	95.6%	475,046	3.26%
2010	404,584	15,153,325	96.9%	169,913	1.14%
2011	213,786	15,529,602	95.6%	349,828	2.25%
2012	204,927	16,133,421	95.5%	244,723	1.52%
2013	187,200	17,162,439	95.9%	196,107	1.14%
2014	136,371	17,855,440	96.2%	176,489	0.99%
2015	121,405	18,400,216	95.8%	199,539	1.08%

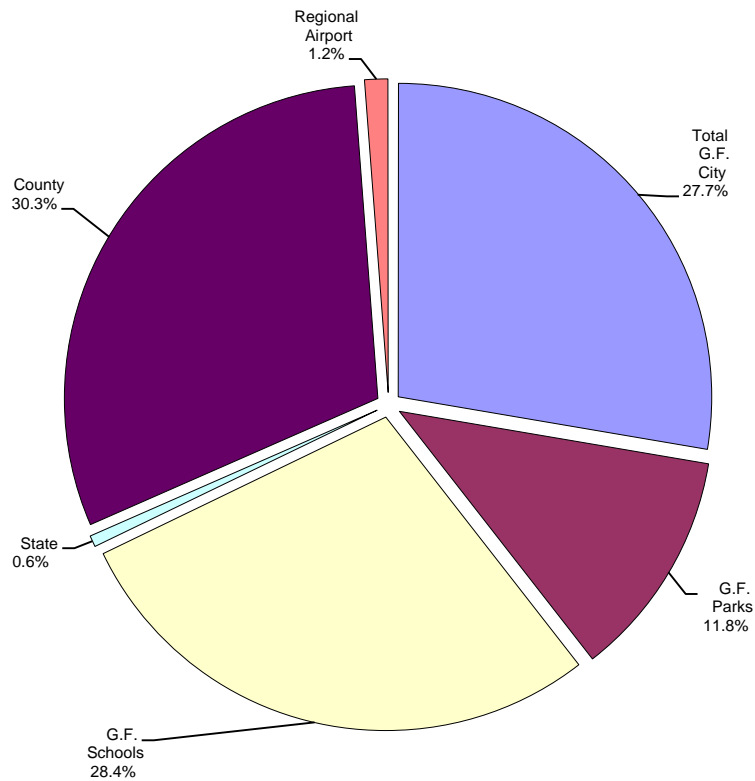
**DELINQUENT TAXES
COMPARED TO TAX LEVY**



CITY OF GRAND FORKS, NORTH DAKOTA
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS
 (In Mills)

CITY OF GRAND FORKS											
Fiscal Year	Gen. Fund	Sp Rev Funds	Debt		Total			State	County	Regional	
			Svc Funds	Public Trans	G.F. City	G.F. Parks	G.F. Schools			Airport	Total
2007	72.48	19.50	11.49	5.78	109.25	42.36	224.11	2.00	101.45	4.30	483.47
2008	70.29	18.95	11.52	5.79	106.55	41.50	218.66	2.00	111.71	4.31	484.73
2009	73.34	18.96	5.52	5.79	103.61	39.02	213.69	2.00	110.09	4.31	472.72
2010	73.26	18.95	5.51	5.79	103.51	37.94	139.35	2.00	113.49	4.31	400.60
2011	73.22	18.94	5.51	5.79	103.46	37.88	139.35	2.00	117.83	4.31	404.83
2012	74.43	18.99	5.53	5.80	104.75	39.98	139.32	2.00	117.44	4.32	407.81
2013	75.30	18.96	5.52	5.79	105.57	40.89	139.14	2.00	116.19	4.31	408.10
2014	75.56	19.01	5.54	5.81	105.92	41.11	105.14	2.00	109.21	4.33	367.71
2015	70.20	17.60	5.37	5.78	98.95	40.50	97.36	2.00	109.74	4.11	352.66
2016	66.25	17.60	5.36	5.77	94.98	40.40	97.36	2.00	104.24	4.10	343.08

SHARE OF MILL LEVY
2016



CITY OF GRAND FORKS, NORTH DAKOTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015 Values (2016 collections)			2005 values (2006 collections)		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value
	Value		Value	Value		Value
IRET Properties	\$ 2,969,945	1	1.53%	\$ 1,615,275	3	1.47%
Altru Health System ⁽¹⁾	2,642,105	2	1.36%	761,470	6	0.69%
Wal-Mart Real Estate Business Trust ⁽²⁾	2,068,400	3	1.07%			
Columbia Grand Forks, LLC	1,658,315	4	0.86%			
Campus Crest at Grand Forks LLC	1,488,465	5	0.77%			
Sterling Properties LLLP	1,132,496	6	0.58%			
Menard, Inc.	1,038,405	7	0.54%			
Canad Inns	1,023,445	8	0.53%			
Sterling Pointe Apartments, LLP	1,001,070	9	0.52%			
LM Wind Power Blades (ND) Inc.	967,205	10	0.50%			
Xcel Energy				2,083,400	1	1.90%
Columbia Mall Partners, LLP				1,880,245	2	1.71%
Mikkelson Consolidated Limited Partnership				1,519,370	4	1.38%
Terrace Point				787,195	5	0.72%
J R Simplot				614,220	7	0.56%
Target Corporation				535,700	8	0.49%
Forest Park Estates, LLC				422,870	9	0.38%
Grand Forks Associates Limited Partnership				383,245	10	0.35%
	<u>\$ 15,989,851</u>		<u>8.26%</u>	<u>\$ 10,602,990</u>		<u>9.65%</u>
2015 Total Taxable Value	\$ 193,836,206					
2005 Total Taxable Value	\$ 109,889,541					

Source: City of Grand Forks Assessing Department

(1) This has previously been reported as United Hospital with only a value for the property owned by the former United Hospital. United Hospital and Grand Forks Clinic integrated to become Altru Health System in 1997. Beginning in 2012, we have changed the name to Altru Health System and will be showing the full value of all property held by Altru Health System. Comparative information is for United Hospital only value.

(2) The 2014 value includes both Walmart locations and Sam's Club

CITY OF GRAND FORKS, NORTH DAKOTA
 CONSTRUCTION VALUE
 LAST TEN CALENDAR YEARS

Year	Commercial Construction		Residential Construction	
	Number of Permits	Value (1)	Number of Units	Value(1)
2007	21	30,054,857	240	28,242,941
2008	16	19,550,807	274	34,123,530
2009	9	9,000,586	263	36,682,942
2010	11	22,754,318	128	21,008,757
2011	13	17,467,243	326	42,319,630
2012	12	27,780,374	424	53,710,209
2013	28	44,833,375	984	110,685,427
2014	23	32,404,596	895	125,555,259
2015	21	35,688,744	433	62,109,411
2016	22	25,169,665	304	48,502,233

(1) Estimated Actual Value. Source - City Inspection Department
 (2) Total Estimated Market Value differs from Total Estimated Market Value listed on Table 5 due to Value of Tax Exempt Property



**CITY OF GRAND FORKS, NORTH DAKOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Sales Tax Revenue Bonds	Industrial Development Bonds	Notes	Revenue Bonds	Sales Tax Revenue Bonds	SRF Loans	Leases	Notes			
2007	16,948,167	64,225,918	17,715,000	3,964,188	1,891,019	16,220,933	63,890,195	39,912,851	314,231	9,286,366	234,368,868	7.10%	4,294.36
2008	21,414,622	65,472,546	16,685,000	3,677,362	1,043,804	14,688,335	62,061,086	37,230,264	264,972	8,347,693	230,885,684	6.34%	4,187.57
2009	13,565,270	67,791,585	15,630,000	3,368,270	421,853	29,357,448	62,892,818	34,470,544	85,512	7,136,527	234,719,827	6.65%	4,214.68
2010	12,516,330	58,659,477	14,535,000	3,012,474		23,586,426	58,217,865	31,741,561	58,105	6,244,555	208,571,793	5.62%	3,947.38
2011	13,760,552	62,145,386	13,121,382	2,634,020		24,675,570	56,203,756	28,951,561	807,895	4,523,212	206,823,334	5.22%	3,914.29
2012	10,457,200	48,455,329	11,921,239	2,234,020		26,823,261	54,114,646	26,071,560	595,123	3,655,896	184,328,274	4.21%	3,391.01
2013	9,483,848	53,316,628	10,546,096	1,811,246		24,905,774	51,950,536	23,100,000	404,562	2,578,900	178,097,590	3.96%	3,169.00
2014	8,470,496	58,936,370	9,135,953	1,364,402		22,963,161	49,701,425	20,055,000	206,293	1,888,633	172,721,733	3.81%	2,963.81
2015	7,432,145	60,888,974	7,685,810	892,118		23,789,012	46,726,332	16,930,000		1,451,843	165,796,234	3.58%	2,808.63
2016	8,483,130	61,706,056	6,215,667	392,944		26,758,819	44,371,669	13,720,000	813,556	1,179,107	163,640,948	not available	2,759.59

Note: Details regarding the City's debt can be found in the notes to the financial statements.

Population 59,299

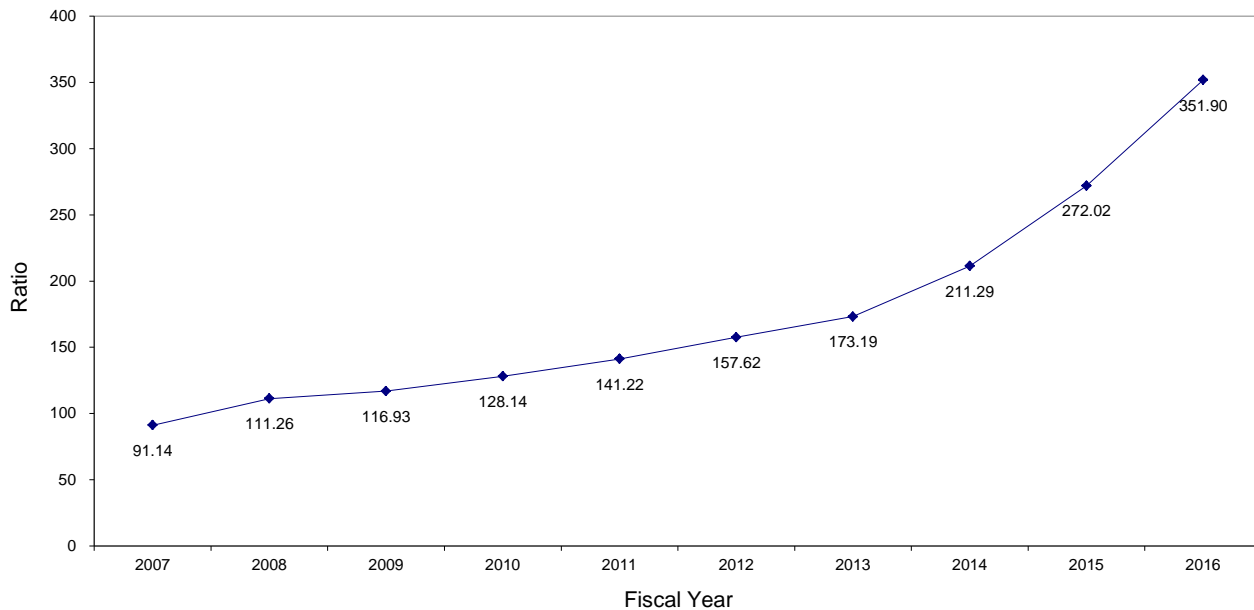
CITY OF GRAND FORKS, NORTH DAKOTA

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Year	Census ⁽¹⁾	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Assessed Value to Net Bonded Debt	Net Bonded Debt Per Capita
2007	54,576	1,290,898,900	16,948,167	2,784,442	14,163,725	91.14	259.52
2008	55,136	1,387,122,180	21,414,622	8,946,867	12,467,755	111.26	226.13
2009	55,691	1,455,060,580	13,565,270	1,121,472	12,443,798	116.93	223.44
2010	52,838	1,505,275,380	12,516,330	768,833	11,747,497	128.14	222.33
2011	52,838	1,545,638,480	13,760,552	2,815,748	10,944,804	141.22	207.14
2012	54,358	1,595,003,090	10,457,200	337,984	10,119,216	157.62	186.16
2013	56,262	1,620,801,900	9,483,848	125,388	9,358,460	173.19	166.34
2014	58,012	1,743,501,150	8,470,497	218,609	8,251,888	211.29	142.24
2015	58,766	1,938,089,950	7,432,145	307,229	7,124,916	272.02	121.24
2016	59,299	2,086,141,789	8,483,130	2,554,915	5,928,215	351.90	99.97

Notes:
(1) 2006-2009, 2012-2016 are estimated population provided by GF/EGF Metropolitan Planning Organization. 2010 source is US Census.

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE



CITY OF GRAND FORKS, NORTH DAKOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2016

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Applicable to this Gov't Unit</u>	<u>Share of Debt</u>
Direct Debt:			
City of Grand Forks:			
General Obligation Debt	\$ 8,483,130	100.0%	\$ 8,483,130
Debt Supported by Special Assessments	61,706,056	100.0%	61,706,056
Debt Supported by Sales Tax Revenue	6,215,667	100.0%	6,215,667
Total Direct Debt			<u>76,404,853</u>
Overlapping Debt:			
Grand Forks School District	31,133,319	95%	29,514,630
Grand Forks County	12,950,000	73%	9,478,936
Grand Forks Park District	13,133,878	100.0%	<u>13,133,878</u>
Total Overlapping Debt			<u>52,127,444</u>
Total Direct and Overlapping Debt			<u>\$ 128,532,297</u>

Sources: Taxable value data used to estimate applicable percentages provided by Grand Forks County. Debt outstanding data provided by individual governmental units.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the city of Grand Forks. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping governments.

(1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages are estimated by determining the portion of the county's taxable value that is within the city's boundaries and dividing it by the county's total taxable valuation.

CITY OF GRAND FORKS, NORTH DAKOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 64,544,945	\$ 69,356,109	\$ 72,753,029	\$ 75,263,769	\$ 77,281,924	\$ 79,750,155	\$ 85,835,698	\$ 87,175,058	\$ 96,904,498	\$ 104,307,089
Total net debt applicable to limit	<u>16,948,167</u>	<u>21,414,622</u>	<u>13,565,270</u>	<u>12,516,330</u>	<u>13,760,552</u>	<u>10,457,200</u>	<u>9,483,848</u>	<u>8,470,497</u>	<u>7,432,145</u>	<u>8,483,130</u>
Legal debt margin	<u>\$ 47,596,778</u>	<u>\$ 47,941,487</u>	<u>\$ 59,187,759</u>	<u>\$ 62,747,439</u>	<u>\$ 63,521,372</u>	<u>\$ 69,292,955</u>	<u>\$ 76,351,850</u>	<u>\$ 78,704,561</u>	<u>\$ 89,472,353</u>	<u>\$ 95,823,959</u>
Total net debt applicable to the limit as a percentage of debt limit	26.26%	30.88%	18.65%	16.63%	17.81%	13.11%	11.05%	9.72%	7.67%	8.13%

Note: Under State law, the City's outstanding general obligation debt should not exceed 5% of 50% of the total estimated market value of the property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Computation of the legal debt margin for the current fiscal year is shown in Table 15-A

CITY OF GRAND FORKS, NORTH DAKOTA
 COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2016

<u>Market Value</u>	<u>\$ 4,172,283,578</u>
Debt Limit - 5% of 50% of Market Value	\$ 104,307,089
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	\$ 8,235,000
Unamortized Premium/Discount	<u>248,130</u>
Bonded Debt	<u>8,483,130</u>
Legal Debt Margin	<u>\$ 95,823,959</u>

(1) In accordance with State of North Dakota Constitution Article X, Section 15, special assessment debt is not included in this calculation

CITY OF GRAND FORKS, NORTH DAKOTA
 REVENUE BOND COVERAGE
 WATER BONDS
 LAST TEN FISCAL YEARS
 (In Thousands of Dollars)

Year	Gross Revenue ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest & Fiscal Charges ⁽³⁾	Total	
2007 (4)	\$ 8,824	\$ 5,589	\$ 3,235	\$ 1,390	\$ 698	\$ 2,088	1.55
2008	8,348	5,608	2,740	1,365	638	2,003	1.37
2009 (4)	8,417	5,814	2,603	1,140	620	1,760	1.48
2010 (4)	8,191	5,656	2,535	1,182	617	1,799	1.41
2011	8,512	5,909	2,603	1,220	358	1,578	1.65
2012	9,001	6,272	2,729	1,255	333	1,588	1.72
2013	9,646	6,515	3,131	1,460	376	1,836	1.71
2014	9,825	6,534	3,291	1,480	328	1,808	1.82
2015	10,448	6,404	4,044	1,535	295	1,830	2.21
2016	11,011	6,672	4,339	1,390	261	1,651	2.63

Notes: (1) Gross revenue includes operating revenue, interest revenue, and transfers in.
 (2) Total operating expenses exclusive of depreciation.
 (3) Includes interest on notes payable.
 (4) Eliminated amount that was refinanced.

CITY OF GRAND FORKS, NORTH DAKOTA
REVENUE BOND COVERAGE
WASTEWATER BONDS
LAST TEN FISCAL YEARS
(In Thousands of Dollars)

Year	Gross Revenue ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest & Fiscal Charges ⁽³⁾	Total	Coverage
2007	\$ 9,156	\$ 3,975	\$ 5,181	\$ 2,279	\$ 1,184	\$ 3,463	1.50
2008 ⁽⁴⁾	7,967	3,912	4,055	2,336	1,035	3,371	1.20
2009 ⁽⁴⁾	7,452	3,766	3,686	2,056	956	3,012	1.22
2010 ⁽⁴⁾	7,591	3,769	3,822	2,096	891	2,987	1.28
2011	8,185	4,361	3,824	2,205	781	2,986	1.28
2012	8,248	4,384	3,864	2,395	802	3,197	1.21
2013	8,838	4,568	4,270	2,467	720	3,187	1.34
2014	9,107	4,579	4,528	2,520	766	3,286	1.38
2015	9,619	4,823	4,796	2,580	679	3,259	1.47
2016	9,870	5,120	4,750	2,670	594	3,264	1.45

Notes: (1) Gross revenue includes operating revenue, Interest revenue, and transfers in.
(2) Total operating expenses exclusive of depreciation.
(3) Includes interest on capital leases.
(4) Eliminated amount that was refinanced.

CITY OF GRAND FORKS, NORTH DAKOTA
 PLEDGED REVENUE BOND COVERAGE
 SPECIAL ASSESSMENT BONDS
 LAST TEN FISCAL YEARS
 (In Thousands of Dollars)

Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest & Fiscal Charges	Total	
2007	\$ 9,041	\$ 8,914	\$ 2,622	\$ 11,536	0.78
2008	8,886	5,255	2,676	7,931	1.12
2009	12,310	4,839	2,731	7,570	1.63
2010	9,955	4,872	2,725	7,597	1.31
2011	8,270	5,149	2,139	7,288	1.13
2012 ⁽¹⁾	7,634	9,511	2,293	11,804	0.65
2013	8,420	4,809	1,696	6,505	1.29
2014	12,760	5,136	2,043	7,179	1.78
2015	9,629	5,453	2,080	7,533	1.28
2016	9,571	6,606	2,109	8,715	1.10

(1) SRL Bond (2001C) paid in full with cash balances in 2012

CITY OF GRAND FORKS, NORTH DAKOTA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal	Per Capita	School	University of ND	Unemployment
		Income (thousands of dollars) ⁽²⁾	Income ⁽²⁾	Enrollment ⁽³⁾	Enrollment ⁽⁴⁾	Rate ⁽⁵⁾
2007	54,576	3,299,129	33,800	7,100	12,559	2.70%
2008	55,136	3,642,152	37,130	7,000	12,748	2.80%
2009	55,691	3,530,746	36,050	6,904	13,172	3.60%
2010	52,838	3,714,282	37,664	6,774	14,194	3.30%
2011	53,502	3,961,344	40,345	6,823	14,697	3.60%
2012	54,358	4,376,314	44,117	6,830	15,250	3.40%
2013	56,200	4,498,878	44,535	7,013	15,143	2.90%
2014	58,277	4,535,361	44,561	7,158	14,906	2.70%
2015	59,031	4,626,431	45,158	7,301	14,951	2.30%
2016	59,299	Not Available	Not Available	7,338	14,648	2.20%

Data Sources:

- (1) 2003-2009 and 2011-2015 are estimated population provided by GF/EGF Metropolitan Planning Organization. 2010 source is US Census.
(2) Bureau of Economic Analysis, US Department of Commerce,
(3) Grand Forks Public School District
(4) University of North Dakota
(5) North Dakota Job Service.

CITY OF GRAND FORKS, NORTH DAKOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment (6)	Employees	Rank	Percentage of Total City Employment
University of North Dakota ⁽¹⁾⁽³⁾	4,325	1	13.11%	6,200	1	19.97%
Altru Health System	4,200	2	12.73%	3,860	2	12.44%
Grand Forks Air Force Base ⁽²⁾	3,984	3	12.08%	3,500	3	11.28%
Grand Forks School District ⁽³⁾	1,100	4	3.33%	1,300	4	4.19%
LM Wind Power (USA), Inc. ⁽⁴⁾	900	5	2.73%	900	5/6	2.90%
Valley Memorial Home	775	6	2.35%	638	7	2.06%
City of Grand Forks ⁽⁵⁾	477	7	1.45%	493	8	1.59%
Hugo's (4 locations) ⁽⁵⁾⁽⁵⁾	450	8	1.36%	900	5/6	2.90%
J. R. Simplot	422	9	1.28%	420	9	1.35%
Alerus Financial ⁽⁵⁾	400	10	1.21%			
Cirrus Design				320	10	1.03%
	<u>17,033</u>		<u>51.63%</u>	<u>18,531</u>		<u>59.71%</u>

- 1) Total does not include temporary employees for 2016 data. Historical 2007 data was employment of all personnel.
2) 2016 data is military personnel only.
3) Includes full-time and part-time employees.
4) LM Wind Power (USA), Inc. was previously named LM Glassfiber.
5) 2016 data is for Grand Forks locations only. 2007 data is for all locations
6) Total Labor Force of 30909. Source: ND Job Service

Source: Annual employer survey conducted by Springsted

CITY OF GRAND FORKS, NORTH DAKOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	97.20	98.15	97.15	97.15	95.85	94.85	95.00	96.45	101.60
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Development	8.45	8.45	7.75	4.58	5.30	5.35	4.98	4.98	2.55
Housing Authority	15.50	12.00	12.75	8.50	8.20	6.60	0.00	0.00	0.00
Public Health	34.65	33.65	33.15	32.65	33.35	33.35	32.93	36.56	37.36
Public Safety									
Police									
Officers	79.00	79.00	79.00	82.00	82.00	82.00	82.00	82.00	82.00
Civilians	15.00	15.00	15.00	16.00	15.00	15.00	15.00	15.00	15.00
Fire									
Firefighters and officers	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00
Civilians	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
PSAP	16.00	16.00	16.00	16.00	16.00	16.00	17.00	17.00	17.00
Municipal Court	4.20	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.30
Highways and streets	36.20	36.20	36.20	36.20	35.85	35.85	35.85	35.65	36.85
Culture and recreation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Permanent flood protection	4.75	1.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00
Sanitation	41.31	37.81	37.81	37.81	37.58	37.58	37.58	37.66	37.84
Wastewater	24.94	23.21	23.21	24.21	23.48	23.48	22.73	22.76	21.82
Waterworks	30.56	30.06	30.21	30.21	30.03	30.03	30.03	28.06	27.13
Stormwater	3.12	4.62	5.62	5.62	5.66	5.66	5.41	5.47	5.76
Public Transit	20.80	21.80	21.80	22.00	22.00	22.00	21.55	21.55	21.50
Dial-A-Ride	0.60	0.60	0.60	0.60	0.60	2.60	3.55	3.55	3.55
Alerus						18.00	21.00	20.00	21.00
Job Development Authority	4.50	4.60	4.20	3.60	3.30	3.15	3.18	3.18	3.35
Downtown Parking	0.25	0.00	0.00	0.25	0.20	0.20	0.20	0.00	0.20
Total Authorized Positions	504.03	493.95	492.25	488.68	485.70	503.00	499.29	501.17	505.81

Source: City's Human Resources Department

**CITY OF GRAND FORKS, NORTH DAKOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function	2007	2008	2009	2010
General Government				
Building permits issued	1,360	1,282	1,524	1,682
Value of Permits issued	\$ 94,157,731	\$ 81,594,739	\$ 80,847,912	\$ 82,175,820
Number of Business License Issued	1,570	1,504	1,520	1,506
Police				
Priority 1 Calls Average Response Time	3 Min. 6 Sec.	3 Min. 12 sec.	3 Min.3 sec.	2 Min. 55 Sec.
Number of 911 Calls ⁽¹⁾				
Incidents Requiring 911 Assistance	67,451	65,263	64,210	64,447
Fire				
Emergency responses	3,480	3443	3,481	3,590
Average response time in minutes	4.46	4.3	4.0	3.86
Health				
Percent of Nuisance Complaints resolved within 30 days	97.00%	99.1%	97.68%	97.65%
Number of times sprayed	13	13	7	18
Culture and Recreation				
Alerus Center Attendance	263,372	289,441	248,556	203,753
Alerus Center Number of Events	523	577	518	492
Waterworks				
Number of customers	13,656	13,740	13,849	13,966
New connections	245	62	74	97
Watermain breaks	37	44	46	26
Average daily consumption(MGD)	8.4	8.0	8.0	7.8
Peak daily consumption (MGD)	13.0	11.0	10.6	11.1
Sanitation				
Number of customers	12,224	12,339	12,457	12,584
Landfill (tons)	104,409.41	95,921.77	88,049.63	87,162.00
Recycled Materials (tons)	2,147.27	2,205.03	2,318.87	2,397.00
Wastewater				
Number of customers	13,417	13,496	13,608	13,713
Average daily sewage treatment (MGD)	7.00	7.00	7.00	7.00
Public Transit				
Ridership - City Bus	231,596	257,816	271,451	282,627
Ridership - Dial-A-Ride	36,557	39,725	38,502	40,241
Ridership - Senior Rider	13,202	20,328	23,128	24,999
Job Development Authority				
Businesses Assisted	7	5	2	3
New Jobs Projected in 2 years	123	66	32	47

Sources: Various City Departments

(1) A new tracking software was put in place in 2011. Information will be reported for future years on this new basis.

(2) For 2016, this number breaks into: Inert Waste - 36,941 total (8,059 City of Grand Forks generated, 28,882 tons private haulers in the region; Municipal Solid Waste - 61,684 tons (36,340 City of Grand Forks generated, 25,344 from regional customers)

Fiscal Year						
	2011	2012	2013	2014	2015	2016
	1,480	1,506	1,579	1,727	1,816	1,981
\$	144,053,797	\$ 127,729,350	\$ 212,067,083	\$ 368,599,640	\$ 203,309,401	\$ 140,940,924
	1,473	1,674	1,657	1,904	1,905	2,019
	3 Min. 12 Sec.	2Min. 57 Sec.	3Min. 27 Sec.	3Min. 49 Sec.	3Min. 58 Sec.	4Min. 03 Sec.
	20,261	21,884	22,892	22,947	24,023	24,365
	67,517	75,917	72,322	73,337	74,380	81,441
	3,688	4,087	4,005	4,254	4,286	4,995
	4.01	3.61 Min.	3.69 Min.	4.53 Min.	4.35 Min.	4.30 Min.
	97.35%	97.50%	95.70%	97.80%	96.01%	95.98%
	9	0	14	19	14	22
	224,687	245,582	205,767	203,475	170,576	188,328
	567	564	495	469	390	489
	14,055	14,200	14,312	14,619	14,821	14,975
	110	151	154	215	204	162
	34	36	30	25	53	51
	7.9	7.4	7.8	7.7	7.9	7.6
	11.0	12.0	12.3	11.3	9.5	9.9
	12,687	12,804	12,913	13,128	13,315	13,492
	96,372.00	86,554.00	91,219.00	110,169.00	116,334.00	61,684 ⁽²⁾
	2,470.00	2,672.00	2,923.00	3,016.00	2,996.00	2,380.00
	13,807	13,937	14,038	14,319	14,506	14,669
	7.00	6.80	6.87	6.83	6.80	6.88
	328,880	371,242	364,317	346,673	336,652	317,992
	39,122	35,358	33,041	34,602	35,553	32,337
	22,296	19,854	19,485	19,733	19,195	16,026
	4	5	4	7	3	2
	159	118	61	82	42	18

CITY OF GRAND FORKS, NORTH DAKOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Buildings & Structures	10	11	11	11	11	11	11	11	11	11
Cars (All Gen Fund)	79	79	79	79	79	79	79	79	79	79
Area in Sq. Miles	20.42	20.42	20.42	20.42	20.49	20.51	26.01	26.09	26.86	27.08
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Units	20	20	20	20	20	22	22	22	22	22
Fire										
Stations	3	3	4	4	4	4	4	4	4	4
Training Facilities (including 4 mobile units)	3	3	3	5	5	5	5	5	5	7
Aerial Trucks	2	2	2	2	2	2	2	2	2	2
Pumpers	6	6	6	6	6	6	6	6	6	7
Rescue Truck	1	1	1	1	1	1	1	1	1	1
Boat	3	3	3	3	3	3	3	3	3	3
Hazmat Regional Response Vehicle					1	1	1	1	1	1
Mobile Command Post	1	1	1	1	1	1	1	1	1	1
Special Operations Trailers	3	4	4	4	4	4	4	4	4	5
Fire Prevention Vehicle	-	-	-	-	-	-	1	1	1	3
Highways and Streets										
Paved Streets (miles)	189.17	190.35	235.33	235.62	235.96	236.45	237.70	241.09	245.28	246.83
Paved Alleys (miles)	4.74	4.74	4.74	4.74	4.74	4.74	4.74	4.74	4.74	4.74
Street lights	4100	4150	4150	4150	4200	4200	4200	4200	4800	4800
Traffic Signals	61	60	60	60	60	60	60	60	61	63
School Crossing Signals	25	25	25	25	25	25	25	25	25	25
Street Sweepers	4	4	4	4	4	4	4	4	4	5
Snow Plows	4	4	4	4	4	4	4	4	4	4
Motor graders	7	7	7	7	7	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾
Payloaders	5	5	5	5	5	6 ⁽⁵⁾	6 ⁽⁵⁾	6 ⁽⁵⁾	6 ⁽⁵⁾	6 ⁽⁵⁾
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Events Center	1	1	1	1	1	1	1	1	1	1
Greenway (developed acres)	416	800	800	800	800	800	800	800	800	800
Boat Ramps	3	2	2	2	2	2	2	2	2	2
Bikepaths (miles)	40.9	41	41	41	41	41	41	41	42.34	42.78

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sanitation										
Collection Trucks-Side Load	7	7	7	7	6	6	6	6	6	6
Collection Trucks-Front Load	6	6	6	6	6	6	6	6	6	6
Collection Trucks-Rear Load	3	3	3	3	3	3	3	3	3	3
Collection Trucks-Roll Off	4	4	4	4	4	5	5	5	5	5
Water										
Water mains (miles)	233.69	233.86	329.64	331.67	331.67	236.5 ⁽²⁾	263.37	266.42	269.01	270.91
Fire Hydrants	2479	2523	2514	2518	2528	2952 ⁽³⁾	2958	3000	3000	2903
Water Storage Facilities	6	7	7	7	7	7	7	7	7	8
Storage Capacity (MG)	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Intake Capacity (MGD)	24	24	24	24	24	24	24	24	24	24
Wastewater										
Sanitary Sewers (miles)	155.32	155.9	156.45	156.16	156.16	173	173.84	175.81	177.06	177.5
Treatment Capacity (Million Gallons Day)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Sewage Lift Stations	43	42	42	43	43	42	43	43	45	41
Stormwater										
Storm sewers (miles)	102.39	102.4	187.92	187.92	187.92	195	207.89	212.1	214.42	215.85
Lift Stations	11	12	12	12	12	12	12	12	12	12
Flood Stations	7	12	12	12	12	12	12	12	12	12
Public Transit										
35' Bus - Diesel/Electric Hybrid	0	0	0	0	2	2	2	2	2	2
35' Bus - Diesel	4	4	4	4	3	3	3	3	3	3
29' Bus	2	2	2	2	2	2	2	2	2	2
People Mover	4	4	4	4	3	3	3	3	3	4
Trolley	1	1	1	1	1	1	1	0 ⁽¹⁾	0	0
Senior Rider/Dial-A-Ride Vehicles	5	5	5	5	5	9	9	9	10	10
Job Development										
Buildings and Structures	6	6	6	6	6	6	6	6	6	6
Municipal Parking Structures										
Buildings & Structures	2	2	2	2	2	2	2	2	2	2

(1) The Trolley Bus was sold in June 2013.

(2) In 2011, a change was made to the tracking and the transmission lines to the clearwell and airport were removed from this statistic.

(3) In 2011, this statistic was changed to include City (2,556) and private (396) hydrants. Future years will report a total which includes both types.

(4) The City has a total of 7 units for use. Of those, 2 are owned, 2 are leased and 3 are rented only for winter months.

(5) The City has a total of 6 units. Of those, 4 are owned and the remaining 2 are leased for winter months.



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FOR NOTES

**CITY OF GRAND FORKS
GRAND FORKS, NORTH DAKOTA**

INDEPENDENT AUDITOR'S REPORTING REQUIREMENTS
AND OTHER COMMUNICATIONS REQUIRED UNDER
THE SINGLE AUDIT ACT

FOR THE YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

	Page
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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	12
Schedule of Prior Audit Findings	13



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**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**

To the Honorable Mayor and
Members of the City Council
City of Grand Forks, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grand Forks, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Grand Forks' basic financial statements and have issued our report thereon dated June 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Grand Forks' 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

June 9, 2017



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and
Members of the City Council
City of Grand Forks, North Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Grand Forks' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City of Grand Forks' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Grand Forks' basic financial statements include the operations of the Grand Forks Airport Authority, which spent \$1,193,117 in federal awards. These awards are not included in the City's schedule during the year ended December 31, 2016. Our audit, described below, did not include the operations of the Grand Forks Airport Authority because the Authority engaged us to perform a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Grand Forks' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Grand Forks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the City of Grand Forks is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grand Forks as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 9, 2017, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

June 9, 2017

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Program Title	Federal CFDA Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Department of Transportation				
Federal Transit Administration				
Direct Programs:				
38-140-650 Federal Transit Capital Investment Grant	20.200	220,000		\$ 179,409
Federal Transit Cluster				
ND-04-0020-00 Vets Comm & Transportation Living Initiative	20.500	2,157,651	\$ 30,925	
ND-04-0012-00 (FY 09 Section 5309)	20.500	1,000,001		11,647
38-150-113A NDDOT Section 5339	20.500	269,423		91,649
38-160-121 Federal Transit Capital Investment Grant	20.526	484,000		58,860
ND-2017-001-00	20.507	1,213,895		1,154,744
ND-90-4101-00 and ND-90-0101-00	20.507	855,039		129,571
Total Federal Transit Cluster				1,477,396
Pass through NDDOT				
Transit Services Programs Cluster				
NDDOT #38-140-839 (New Freedom Program)	20.521	38,000		472
NDDOT #38-151-533 Elderly & Persons with Disabilities Program	20.513	129,080		33,440
NDDOT #38-161-170 Elderly & Persons with Disabilities Program	20.513	130,254		38,427
Total Transit Services Programs Cluster				72,339
Federal Highway Administration				
Pass Through North Dakota State Dept. of Transportation				
Highway Planning and Construction Cluster				
SU-6-986(107)111 (Round About 24th Ave S & S 34th St)	20.205	480,000		6,022
SU-6-986(115)119 (Signal Foundation Replacement 24th Av S)	20.205	166,660		36,756
BRU-6-002(101)911 (Sorlie Bridge Maintenance)	20.205	4,500,000		157,092
NHU-6-986(105)109 (Columbia Road 11th-14th Ave S)	20.205	4,803,000		3,084,849
SRF-0018(033) (Euclid Ave Reconstruction)	20.205	1,189,941		118,941
Total Highway Planning and Construction Cluster				3,403,660
National Highway Traffic Safety Administration				
Pass Through North Dakota Dept. of Transportation				
Highway Safety Cluster				
NDDOT 12-151-199-1	20.616	10,000		9,821
NDDOT 12-151-991-2	20.616	12,000		8,907
NDDOT 12-151-991-3	20.616	12,000		8,141
NDDOT 12-151-991-4	20.616	6,000		5,289
Total Highway Safety Cluster				32,158
Total Department of Transportation				5,164,962

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Program Title	Federal CFDA Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Department of Housing & Urban Development				
Community Development Block Grants -Entitlement Grants Cluster				
Program Income - Revolving Loan Fund	14.218			209,993
Program Income - Supplemental	14.218		1,226,682	<u>1,226,682</u>
Total Community Development Block Grants - Entitlement Grants Cluster				1,436,675
Pass Through North Dakota Dept of Commerce/DCS				
Program Income - Admin.	14.239			1,386
3318-M12-12	14.239	258,915		89,589
3943-M14-12	14.239	15,000		15,000
3802-M14PI-12	14.239	1,397,082		189,428
Program Income - Current & Aurora	14.239			13,859
Recaptured Funds	14.239			<u>27,559</u>
Total CFDA 14.239				<u>336,821</u>
Total Department of Housing & Urban Development				<u>1,773,496</u>
Department of Health & Human Services				
Pass Through N.D. Department of Health				
Maternal and Child Health Care/Nutrition				
G13.898A	93.994	23,634		18,531
G15.542	93.994	80,000		<u>32,100</u>
Total CFDA 93.994				50,631
Aid to Local Public Health Units				
15.141	93.UNK	398,185		199,092
Communicable Disease Control				
PF15.115	93.940	5,000		4,537
ND Chronic Disease				
G15.939	93.758	25,000		3,490
G15.385	93.991	14,000		10,200
G15.385A	93.991	8,000		<u>8,000</u>
Total CFDA 93.991				18,200
Immunization Initiative Grant				
15.431	93.268	28,739		28,364
G13-89	93.283	62,048		26,048
G15-11	93.283	236,990		119,342
G15-35	93.283	68,545		34,273
G15-66	93.283	236,990		164,087
G15-95	93.283	68,444		34,222
Cancer Coalition				
G15.283	93.283	7,000		<u>7,000</u>
Total CFDA 93.283				384,972
West Nile Virus Surveillance				
13.521	93.323	35,000		3,500
Emergency Preparedness & Response				
15.071	93.074	207,646		107,447
15.095	93.074	5,076		<u>4,127</u>
Total CFDA 93.074				111,574
15.718	93.069	213,875		102,329
15.732	93.069	5,737		<u>143</u>
Total CFDA 93.069				102,472

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Program Title	Federal CFDA Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Pass Through N.D. Department of Health				
Ryan White Care Grant				
PF13.158	93.917	12,000		7,025
PF13.312	93.917	1,000		1,000
PF15.155	93.917	45,000		<u>39,393</u>
Total CFDA 93.917				47,418
Tuberculosis Control				
PF15.136	93.117	12,730		12,730
Women's Way Grant				
PF15.026	93.919	110,685		50,289
PF15.208	93.752	96,770		51,409
Pass Through N.D. Department of Human Services				
SPF-SIG (Strategic Prevention Framework-State Incentive Grant)				
810-09547	93.243	317,050		10,577
Medicaid Cluster				
Health Tracks (formerly Early Prevention Screening Program) 1/1/16-12/31/16	93.778	76,960		76,960
Refugee Health Services				
2016-4	93.566	12,500		10,380
2017-HP6	93.566	13,120		637
Refugee Interpreter Services				
2016-CMA2	93.566	4,420		1,759
2017-CMA2	93.566	1,700		<u>346</u>
Total CFDA 93.566				<u>13,122</u>
Total Department of Health & Human Services				<u>1,169,337</u>
Department of Interior, Fish & Wildlife Service				
Pass Through North Dakota State Historical Society				
38-15-121170-28	15.904	26,105		8,662
38-16-141296-28	15.904	24,248		<u>10,262</u>
Total CFDA 15.904				<u>18,924</u>
Total Department of Interior, Fish & Wildlife Service				<u>18,924</u>
Department of Justice-Office of Justice Programs				
Pass Through ND Industrial Commission				
Outdoor Heritage Fund 006-084	16.UNK	100,000		100,000
Pass Through ND State Office of Attorney General				
HIDTA 23593-GF	16.UNK	526,765		77,165
HIDTA 59316-GF	95.001	282,916		5,378
Bullet Proof Vest Program	16.607	73,809		9,580
2014-WE-AX-0044 (CVIC)	16.590	300,000	101,510	101,510
2011-MU-MU-K004 (CVIC)	16.730	3,222,260	460,043	500,406
2015-DJ-BX-0584	16.738	20,386	5,097	20,386
2016-DJ-BX-0360	16.738	20,616	5,154	16,755
15215 City of Grand Forks/Light of Hope (CVIC)	16.738	9,375	9,375	9,375
CY15-407	16.738	85,150		32,076
CY16-407	16.738	82,615		<u>40,522</u>
Total CFDA 16.738				119,114

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Program Title	Federal CFDA Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Pass Through ND Department of Health				
G15.330	16.588	29,440	17,868	17,868
G15.915	16.588	22,339	3,454	<u>3,454</u>
Total CFDA 16.558				21,322
Pass Through North Dakota Dept. of Transportation				
NDDOT 38152051	16.727	220,000		<u>118,941</u>
Total Department of Justice				<u>1,053,416</u>
Department of Homeland Security				
Disaster Grants - Hazard Mitigation Grant Program				
FEMA-1981-DR	97.039	395,845		16,420
Pass Through North Dakota Dept of Emergency Services				
HOMELAND SECURITY/#A0461-001-2016-HMEPT	20.703	9,760		9,760
HOMELAND SECURITY/#A0457-001-2014-RQ	97.067	203,607		3,373
HOMELAND SECURITY/#A0457-001-2015-RQ	97.067	90,900		28,300
HOMELAND SECURITY/#A0457-001-2016-RQ	97.067	119,300		15,707
HOMELAND SECURITY/#A0457-002-2015-RT	97.067	55,000		25,678
HOMELAND SECURITY/#A0457-002-2016-RT	97.067	14,000		6,131
HOMELAND SECURITY/#A0457-003-2015-RE	97.067	15,000		6,975
HOMELAND SECURITY/#A0815-001-2015-HQ	97.067	14,000		14,000
HOMELAND SECURITY/#A0461-001-2014-RQ	97.067	54,199		23,090
HOMELAND SECURITY/#A0461-003-2015-RQ	97.067	46,010		28,300
HOMELAND SECURITY/#A0461-001-2016-RQ	97.067	38,030		424
HOMELAND SECURITY/#A0461-003-2014-RE	97.067	12,000		4,828
HOMELAND SECURITY/#A0461-002-2014-RT	97.067	76,949		47,693
HOMELAND SECURITY/#A0461-001-2015-RT	97.067	85,586		<u>7,230</u>
Total CFDA 97.067				<u>211,729</u>
Total Department of Homeland Security				<u>237,909</u>
Department of Commerce				
Economic Development Cluster				
Project 05-19-59026 Revolving Loan Funds	11.307	2,222,223		<u>1,858,339</u>
Total Economic Development Cluster				<u>1,858,339</u>
Total Department of Commerce				<u>1,858,339</u>
Total Expenditures of Federal Awards			<u>1,829,183</u>	<u>11,276,383</u>

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF GRAND FORKS, NORTH DAKOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Grand Forks under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the City of Grand Forks it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Grand Forks.

NOTE 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Government*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to requirement. The City of Grand Forks has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 Loans Outstanding

The City of Grand Forks had the following loan balances outstanding at December 31, 2016. Current year loan expenditures were \$0. These loan balances outstanding are not included in the federal expenditures presented in the schedule, as they are not considered to have continuing compliance requirements:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
North Dakota Housing Finance Authority		
State Revolving Fund	66.458	
Loan #380800-01		\$ 485,000
Loan #380800-02		295,000
Loan #380806-01(01)		1,695,000
Loan #380806-01(02)		4,105,000
Loan #1800410-01		2,770,000
Loan #380806-01 (03)		2,070,000
Loan #380806-02		2,300,000

CITY OF GRAND FORKS, NORTH DAKOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 Program Income

As of December 31, 2016, the City of Grand Forks earned \$1,226,682 in program income from its CDBG Emergency Supplemental Appropriation Grant, \$209,993 in program income from its CDBG Revolving Loan Fund, and \$15,245 in program income from its HOME HUD grant.

NOTE 5 Matching Costs

The accompanying schedule of expenditures of federal awards does not include matching expenditures.

NOTE 6 Threshold Calculations to Determine Type A Programs and Percentage of Coverage

The accompanying schedule of expenditures of federal awards includes \$1,858,339 reported for CFDA 11.307. This amount does not represent current year expenditures and has been omitted from the total when calculating the threshold for determining a Type A program.

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to financial
statements noted? yes x no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

20.200, 20.507, 20.526 – Federal Transit Cluster
20.205– Highway Planning and Construction Cluster

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Section II-Financial Statement Findings

There are no findings that are required to be reported under this section.

Section III-Federal Award Findings and Questioned Costs

There are no findings that are required to be reported under this section.

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

No prior audit findings were required to be reported.