



City Of Grand Forks



Comprehensive Annual Financial Report

City Of Grand Forks, ND
For The Year Ended December 31, 2017

Comprehensive Annual Financial Report



of the
City of Grand Forks, North Dakota

**For the Year Ended
December 31, 2017**

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, 2017

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FOR NOTES



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June 7, 2018

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, 2017. 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, 2017 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, 2017. 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 27.31 square miles and has a population of 59,870 at the end of 2017. Grand Forks is the proud home to the University of North Dakota which enrolls nearly 15,000 students from around the world, in more than 200 fields of study including bachelor's, master's, doctoral, law and medical 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. 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 104.

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, through the strength of partnerships with community, state, and regional members, 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 Grand Forks region has seen significant growth in the Agri-Business sector. The North Dakota Mill and Elevator completed a \$27 million expansion that will increase production 30% and is currently in the design and bidding phase for a complementary unit train loading facility. The Biomass Solutions/Red River BioRefinery facility is an ethanol facility which is planning to start construction in 2018 and is an estimated \$50-60 million capital investment. A new \$3.5 million Ag Country Farm Credit Services Office Complex was completed recently. Northern Plains Nitrogen continues to work on the investment portion of a proposed \$2 billion plus nitrogen fertilizer facility project, which would bring 2,000 workers in for construction and would be operationally online three years once construction commences.

The Grand Forks region has also seen significant growth in the Unmanned Autonomous Systems (UAS) sector. Grand Forks County received approval from the US Air Force to move forward with the development of Grand Sky, the nation's first Unmanned Aerial Systems Business & Development Park at the Grand Forks Air Force Base through an enhanced use lease. Grand Sky has benefitted from strong support from North Dakota's Congressional Delegation and state leaders, including the Northern Plains test site being named one of six FAA UAS test sites. In December 2016, the FAA granted authorization to the Northern Plains UAS Test Site for beyond visual line of sight flights.

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.

Grand Sky is also home to General Atomics which completed a new 24,000-square foot, \$30 million permanent hangar for its training center in Grand Forks on August of 2017. The new hangar replaced the temporary facility that had been in operation since June 2016. The new facility houses General Atomics operational hardware, including three Predators and ground control stations, as well as offices and conference rooms.

In addition to conducting flight tests from its facility at the Grand Sky UAS Business and Aviation Park next to the Grand Forks Air Force Base, General Atomics operates an office building near the University of North Dakota campus in Grand Forks. It features classrooms and a Predator mission aircrew training system for accomplishing the academic and simulator segments of training. The expanding UAS opportunities, as well as related industries including data management and analysis, are another example of the growth potential in the region.

The Grand Forks Air Force Base is one of the largest employers in the state of North Dakota. The base is home to 1,643 active duty personnel and 1,566 dependents. There are also another 1,004 civilians employed at the base. The Grand Forks Air Force Base (GFAFB) recently moved from Air Mobility Command to Air Combat Command, which better aligns with its UAS mission set to include intelligence, surveillance, and recognition capabilities. The US Air Force is utilizing the base as an operating location for Predator (MQ-1) and Global Hawk (RQ-4) UAS systems. The GFAFB also supports the Cavalier Air Station and Customs and Border Protection.

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. The Grand Forks Air Force Base mission forges even stronger ties with the UND John D. Odegard School for Aviation and Aerospace Sciences and many other private companies ranging from local start-ups to major defense industry contractors. Veterans of the Air Force Base offer additional potential employees with specific expertise in unmanned aircraft.

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.

Another growing sector in the region is the Energy/Environment sector. LM Wind Power, which manufactures blades used to produce wind energy, now has over 1,000 employees. LM Wind Power is investing in an approximate \$4 million facility expansion that will enable production of larger blades to increase their competitiveness in the market place. General Electric recently acquired LM Wind Power, which could provide greater opportunities for Grand Forks to expand its footprint in the energy sector.

Minnkota Power Cooperative is also expanding and recently completed an approximately \$60 million new corporate headquarters that also includes new warehouse and ancillary facilities.

The City is also 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. Other examples of current manufacturers expanding their operations in Grand Forks are Cirrus Aircraft, P. S. Doors and Steffes Manufacturing.

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.

Altru Health Systems recently announced a plan to begin constructing a new hospital facility in Grand Forks in 2019 with an estimated capital budget of \$250 million. This announcement will further solidify Altru Health Systems as the regional leader in health care delivery.

The City's downtown is about to become more vibrant. Local developers recently announced plans to build a mixed-use, four-story building at the corner of DeMers Avenue and North Fifth Street where there is currently a parking lot, with Hugo's Family Marketplace and Alerus Bank anchoring the main level. The development will include 50 apartments on the second, third and fourth levels and is estimated to cost \$10.5 million. Developers have secured state housing incentive funds to provide low- to moderate-priced housing for about 25 units in the project. Construction is expected to begin this fall and be completed by the same time next year.

A second project downtown involves rehabilitating the St. John's Block building at the corner of North Third Street and DeMers Avenue, along with the neighboring three-story Annex building and is slated to cost \$6-8 million. The main building stands six stories high, and the rehabilitation plan calls for renovations on all floors, with the lower level and the elevated main level being designed for commercial use. The upper four floors will be designed as micro lofts. The project also includes an elevator to meet accessibility challenges, new windows and an outdoor roof patio for tenants.

The Annex building, on the east side of the St. John's building, is expected to undergo a complete renovation of the existing main floor commercial space. The two upper floors will be turned into residential condos. The project is expected to begin this summer and be completed by next summer or fall.

In yet another downtown development, a Renaissance Zone application for the lot at Fourth Street and DeMers Avenue, which is owned by JLG Architects, is expected to be presented to the City Council soon. This project would offer three stories of office space and one level of retail space.

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 these people using Grand Forks come from Canada.

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.

The City has experienced growth in valuation due to new construction and revaluation. There were a total of 289 housing units and 32 new commercial, public or multi-family buildings constructed in 2017. Property taxes generated by new construction and valuation increases are estimated to be 5.04%, 2.85% for property revaluation and 2.19% for new construction for the 2018 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 98.8 mills for 2018 due to a growing tax base.

The City's bond rating was confirmed at Aa2 in November 2017.

The City had a decrease in unemployment from 2.2 percent in 2016 to 2.1 percent in 2017, which is much lower than the national average of 4.4 percent.

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

Sales Tax:

In November 2017 the citizens of Grand Forks voted to implement a ½ of one percent sales and use tax with a 20 year sunset for street and water infrastructure. This adds to the existing 1 ¾ percent sales and use tax currently in place. This new tax will bring in an estimated \$5 million annually, which will be allocated as follows:

- \$2 million per year dedicated to the Grand Forks Water Treatment Plant;
- \$2 million per year dedicated to citywide street repair and rehabilitation; and
- \$1 million per year dedicated to citywide street capacity

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.

Wastewater Interconnect with East Grand Forks:

Grand Forks continues to look for infrastructure opportunities to serve the region in a more efficient and effective manner. For example in the fall of 2017, the Grand Forks/East Grand Forks Wastewater Interconnect Project was completed and operational, which allowed the City of East Grand Forks to interconnect with Grand Forks' wastewater system. This wastewater project is mutually beneficial for both the Cities of Grand Forks and East Grand Forks.

Vibrancy

Under the Mayor's leadership, the City and community partners have also recently undertaken strategic efforts to increase the vibrancy of the community with the goal of talent retention and attraction and overall high quality of life. Vibrancy efforts include focusing on a robust downtown, strong university/community connections, exciting events, arts, and culture scene, and intentionally learning from the success of other communities.

Grand Forks – Way cooler Than You Think

Also under the Mayor's leadership, the City and community partners have undertaken workforce and entrepreneurial initiatives to include the workforce campaign "Grand Forks – Way Cooler Than You Think!" and entrepreneurial focuses such as the entrepreneurial loan partnership with the Bank of North Dakota called "Start Up Grand Forks" and Evolve Grand Forks and The 701 co-working space.

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, 2016.

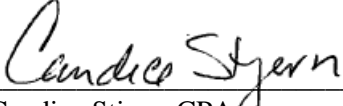
This was the 31st consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting 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.

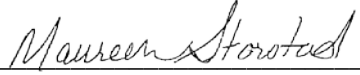
Acknowledgments

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, Sandy Johnson, Linda Kuntz, Amy Lund, Sherie Lundmark, Renee Tack and Mike Vatsdal 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



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

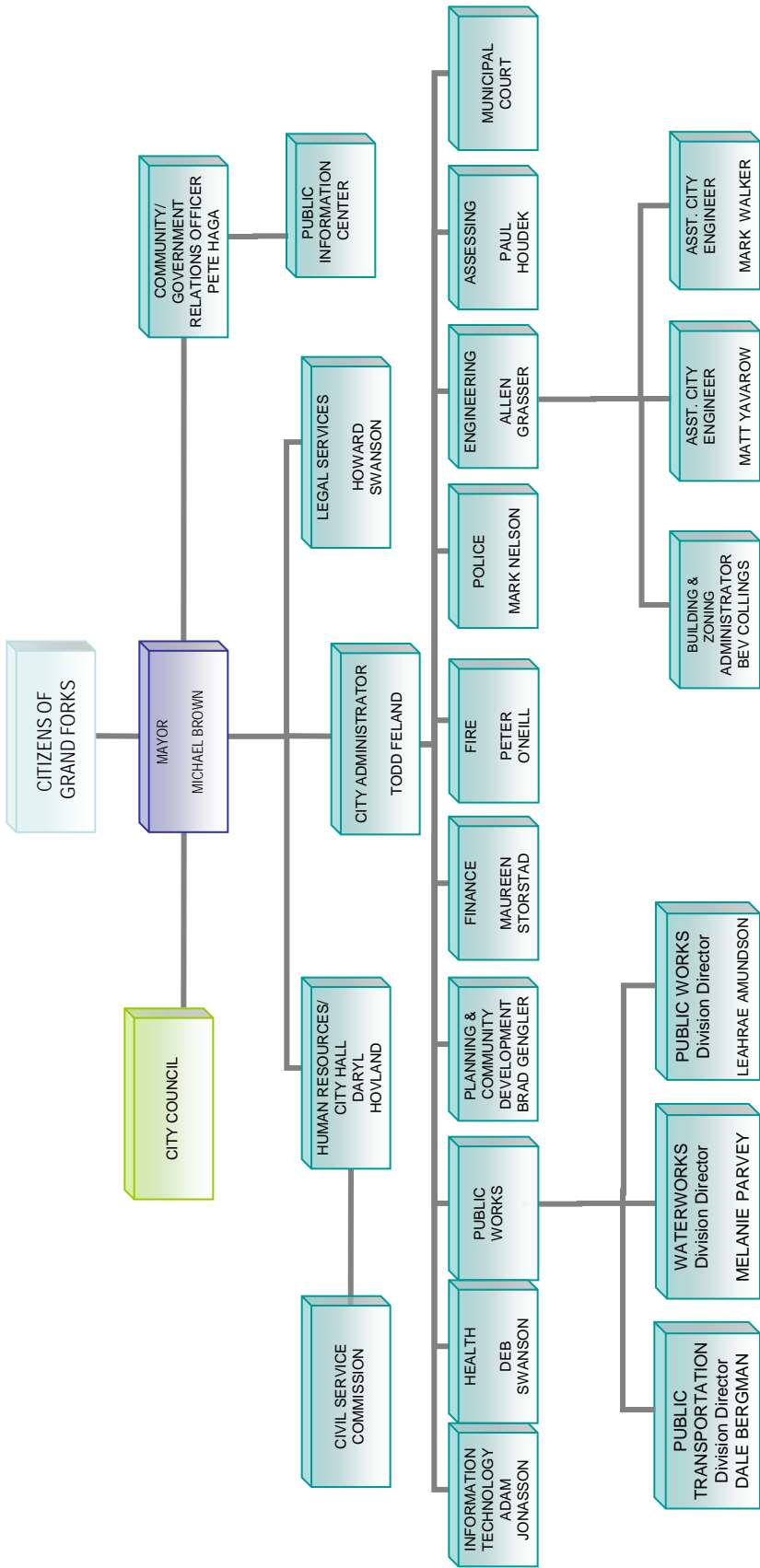
December 31, 2016

Christopher P. Morill

Executive Director/CEO



CITY OF GRAND FORKS ORGANIZATIONAL CHART



X

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, 2017, 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, 2017, 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, 2016, which are not presented with the accompanying financial statements. In our report dated June 9, 2017, 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 2016 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, 2016, 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 7, 2018, 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 solely 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 the effectiveness of the City of Grand Forks, North Dakota's 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 7, 2018

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, 2017. 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 \$564.9 million (net position) at the end of the calendar year 2017. Of this amount, \$345,389 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$30.4 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 \$73.9 million, an increase of \$3.8 million in comparison to the prior year. Of this total amount, approximately \$18.2 million, twenty five percent (25%) 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 \$8.6 million, or twenty three percent (23%) of total general fund expenditures of \$37 million.
- The City's total debt increased by \$26.2 million during 2017.
- During the current year, the City issued:
 - \$66,000,000 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 (State Revolving Loan Fund) These funds are drawn down as needed and the outstanding balance as of 12/31/17 was \$9,969,336.
 - \$10,555,000 of Refunding Improvement Bonds, Series 2017B, to finance various improvement projects in the city.

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 31 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 89.

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 22 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 134. Individual fund data for the non-major proprietary funds is provided in the form of combining statements, which begin on page 126.

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 37-87 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 86 and 87 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 89-163 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, 2017.

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 \$564,925,949 as of December 31, 2017.

City of Grand Forks Net Position*

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 127,738,740	\$ 122,500,274	\$ 62,541,787	\$ 67,236,488	\$ 190,280,527	\$ 189,736,762
Capital assets	214,968,658	206,574,359	394,741,617	355,415,203	609,710,275	561,989,562
Total assets	342,707,398	329,074,633	457,283,404	422,651,691	799,990,802	751,726,324
Total deferred outflows of resources	19,207,160	11,721,050	7,600,372	5,539,842	26,807,532	17,260,892
Long-term liabilities outstanding	138,278,302	121,679,522	113,008,105	103,469,391	251,286,407	225,148,913
Other liabilities	4,531,377	4,299,409	4,966,898	3,899,172	9,498,275	8,198,581
Total liabilities	142,809,679	125,978,931	117,975,003	107,368,563	260,784,682	233,347,494
Total deferred inflows of resources	842,723	901,245	244,980	262,119	1,087,703	1,163,364
Net position:						
Net investment in capital assets	134,554,746	130,152,880	302,456,193	271,954,306	437,010,939	402,107,186
Restricted	103,946,775	99,014,298	23,622,846	22,934,533	127,569,621	121,948,831
Unrestricted	(20,239,365)	(15,251,671)	20,584,754	25,672,012	345,389	10,420,341
Total net position	\$ 218,262,156	\$ 213,915,507	\$ 346,663,793	\$ 320,560,851	\$ 564,925,949	\$ 534,476,358

*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 seven percent (77%), 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

\$345,389 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 and the sanitation fund. The governmental activities unrestricted balance is a negative \$20.2 million and the unrestricted balance in the sanitation fund is a negative \$453,266. These negative balances are due to a net pension liability of \$52.2 million and \$4.9 million respectively, which reflects requirements of GASB Statement No. 68.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$4,346,649, accounting for 1.8% 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

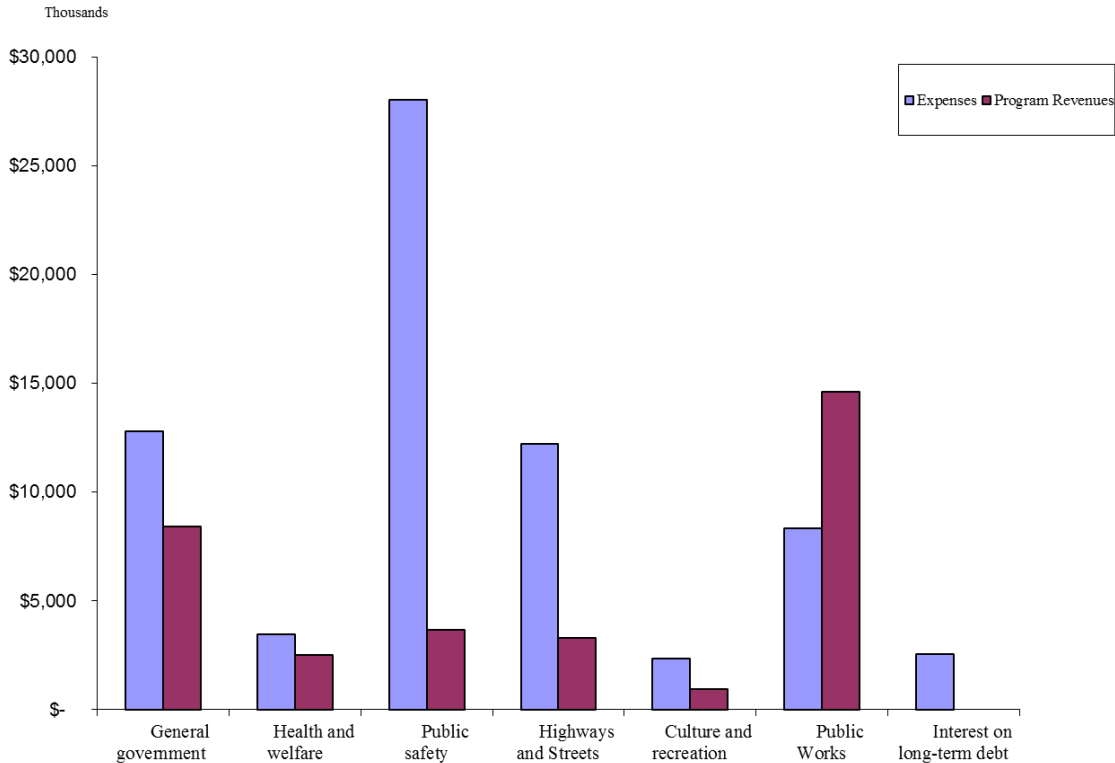
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 11,397,966	\$ 10,318,281	\$ 43,006,439	\$ 44,224,801	\$ 54,404,405	\$ 54,543,082
Operating grants and contributions	7,305,566	6,998,370	1,958,036	1,776,330	9,263,602	8,774,700
Capital grants and contributions	14,724,975	12,955,813	22,526,575	9,266,187	37,251,550	22,222,000
General Revenues:						
Property taxes	19,526,930	18,064,474	1,168,530	1,073,660	20,695,460	19,138,134
Sales taxes	10,844,182	11,386,164	8,536,183	8,916,161	19,380,365	20,302,325
State aid distribution	3,079,446	3,164,182			3,079,446	3,164,182
Other taxes	3,517,035	3,589,915	29,280	28,937	3,546,315	3,618,852
Miscellaneous	1,835,327	985,172	1,295,789	929,202	3,131,116	1,914,374
Total Revenues	<u>72,231,427</u>	<u>67,462,371</u>	<u>78,520,832</u>	<u>66,215,278</u>	<u>150,752,259</u>	<u>133,677,649</u>
Expenses:						
General Government	12,777,052	15,935,547			12,777,052	15,935,547
Highways and Streets	12,207,703	7,759,336			12,207,703	7,759,336
Public Safety	28,020,466	25,795,308			28,020,466	25,795,308
Health and Welfare	3,454,318	3,084,975			3,454,318	3,084,975
Culture and Recreation	2,350,886	2,348,159			2,350,886	2,348,159
Public Works	8,337,566	5,806,722			8,337,566	5,806,722
Interest on Long-term Debt	2,536,774	2,710,099			2,536,774	2,710,099
Sanitation			9,295,130	9,653,515	9,295,130	9,653,515
Wastewater			9,257,933	9,069,420	9,257,933	9,069,420
Waterworks			10,390,400	9,539,279	10,390,400	9,539,279
Stormwater			3,511,812	2,988,594	3,511,812	2,988,594
Mosquito Control			861,285	971,488	861,285	971,488
Public Transit			2,917,683	2,953,157	2,917,683	2,953,157
Dial-A-Ride			1,586,191	1,172,906	1,586,191	1,172,906
Alerus Center			9,281,649	9,493,992	9,281,649	9,493,992
Job Development Authority			3,119,030	2,373,012	3,119,030	2,373,012
Downtown Parking			396,790	437,045	396,790	437,045
Total Expenses	<u>69,684,765</u>	<u>63,440,146</u>	<u>50,617,903</u>	<u>48,652,408</u>	<u>120,302,668</u>	<u>112,092,554</u>
Increase in net position before transfers	2,546,662	4,022,225	27,902,929	17,562,870	30,449,591	21,585,095
Transfers	1,799,987	248,937	(1,799,987)	(248,937)	-	-
Increase (decrease) in net position	<u>4,346,649</u>	<u>4,271,162</u>	<u>26,102,942</u>	<u>17,313,933</u>	<u>30,449,591</u>	<u>21,585,095</u>
Net position - beginning	<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>
Net position - ending	<u>\$ 218,262,156</u>	<u>\$ 213,915,507</u>	<u>\$ 346,663,793</u>	<u>\$ 320,560,851</u>	<u>\$ 564,925,949</u>	<u>\$ 534,476,358</u>

- The mill levy was not increased in 2017 but the property tax revenue did increase \$1.5 million or 8%. This is a result of a growing tax base.

- Local sales tax revenue decreased by \$541,982, a decrease of 4.8%, reflecting the retail downturn due to online shopping.
- State aid which is based on sales tax in the State of North Dakota decreased by \$84,736 or 2.7% which indicates the State’s economy is stabilizing after the downturn which was largely due to falling oil and agriculture prices.
- Capital grants and contributions increased \$1.8 million or 13.7%. A large part of this reflects the North Dakota Department of Transportation’s share of various road construction projects.
- The miscellaneous revenue increased by \$850,155 or 86%. This includes a private donation to the library of \$677,000.

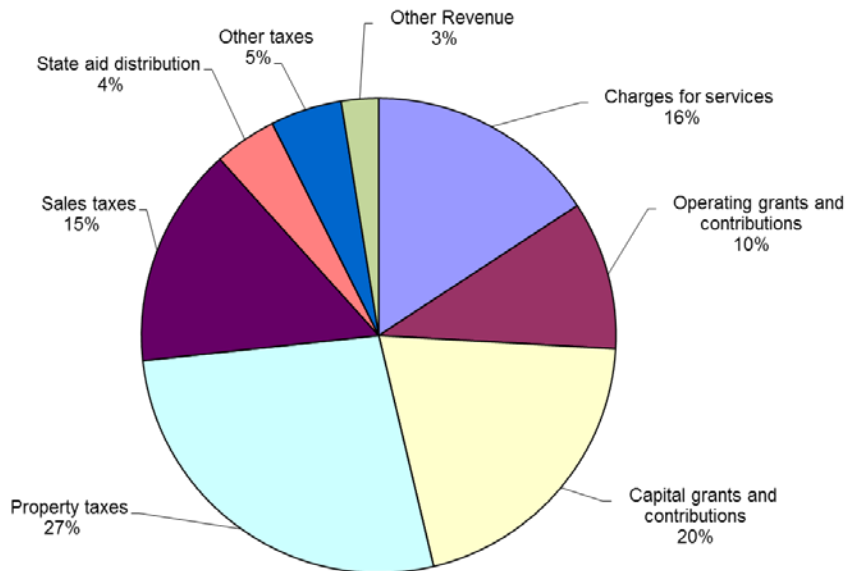
Below are specific graphs which provide comparisons of governmental revenues and expenses:

Expenses and Program Revenues – Governmental Activities



Total governmental expenses increased by \$6.3 million, or 9.8%, which is primarily due to an increase of \$4.8 million in pension expense required by GASB Statement No. 68. And \$2.3 million in engineering expenses were moved from general government to highway and streets to more properly reflect their purpose. There were also higher maintenance costs as well an increase in depreciation expense.

Revenues by Sources – Governmental Activities



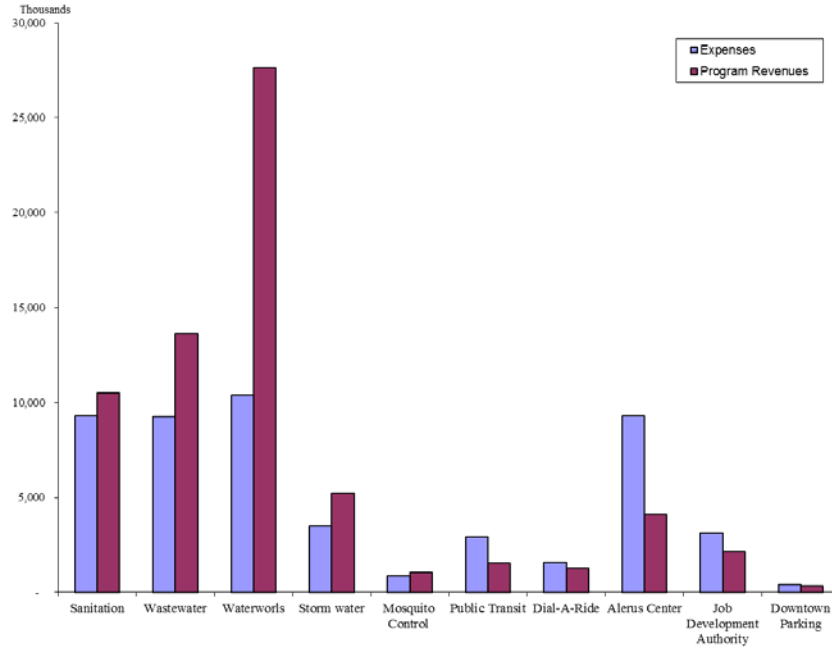
Business-type Activities. Business-type activities increased the City's net position by \$26,102,942, accounting for 85.7% of the increase in the City's net position.

Key elements of this increase are as follows:

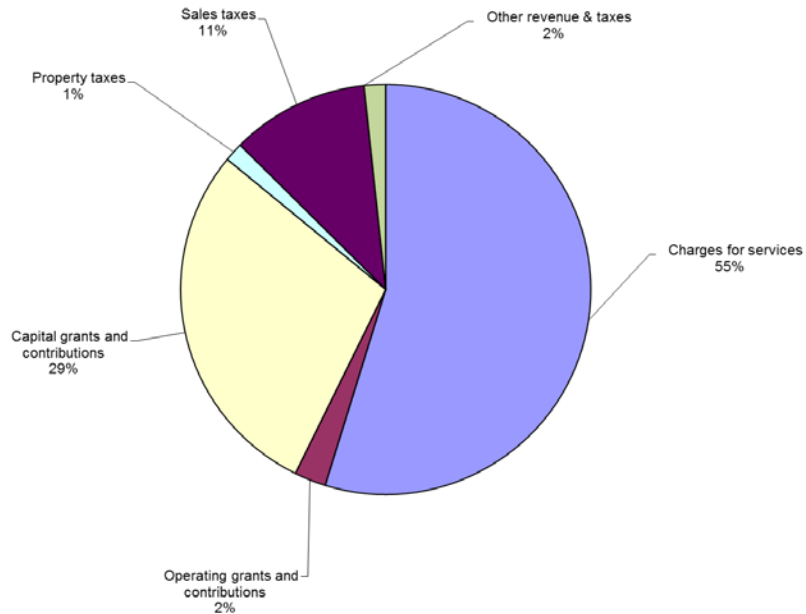
- The State Water Commission Grant of \$15 million for the new water treatment plant is responsible for the majority of this increase.
- Capital contributions made by developers for underground utilities and capitalized special assessment projects assessed to benefiting properties amounted to \$7.4 million.
- Charges for services of \$43 million were actually down \$1.2 million in 2017 due to a combination of the Alerus Center revenues decreasing during the transition from City management to Spectra, a management company, and the Job Development Authority rents being lower in 2017 as there was a large lease buyout payment from Amazon.com in 2016.
- State and federal operating grant revenue contributed \$2 million to our public transit and dial-a-ride programs.
- The mill levy was not increased in 2017 but the property tax revenue of \$1.2 million did increase by \$94,870 or 8.8%.
- Local sales tax revenue was \$8.5 million, a decrease of \$379,978 or 4%, reflecting the retail downturn due to online shopping.
- Other revenue of \$1.3 million consisted mainly of \$900,000 of interest income and a \$300,000 gain on the sale of land.

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 \$1,965,495 or 4%, in 2017. There were increases in maintenance expenses, utility costs and wages. Dial-a Ride had increased expense due to pass through grant expenses. The Job Development Authority refunded \$596,159 to the Economic Development Administration for revolving loan funds which were not lent out under their program as other programs were more beneficial at the time. Pension expense also increased due to GASB 68 reporting requirements.

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 \$73,890,659, an increase of \$3,789,948 in comparison with the prior year. Approximately 11.7% of this total amount, \$8,647,541, constitutes unassigned fund balance, which is available for spending at the government's discretion. \$2,548,757, or 3.4%, 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 \$6,990,518, or 9.5% 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. \$51,953 is nonspendable consisting of inventories, prepaid expenses or advances. The remaining 75.3% or \$55,651,890 is restricted for various purposes including \$19,593,186 for debt service and \$36,058,704 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 \$8,647,541, with a total fund balance of \$13,332,019.

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 six percent (36%) 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 \$734,241 during the current fiscal year. This reflects a planned spend down of \$365,000 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 and a planned spend down of \$450,000 of reserves to cover shortages in state aid and sales tax revenue.

Overall general fund revenue increased \$1,475,546, or 4.2%. Even with no increase in the mill levy, the general fund property tax revenue increased by \$1.1 million due to growth in the tax base.

While the City's economic climate remains stable, there was a decrease in city sales tax revenue of \$246,352 in the general fund. The state aid revenue was also down \$84,736 from 2016.

License and permit revenue was up \$125,482 or 7.2% due to higher building permit revenue. Charges for services were up \$294,403 in conjunction with capital project levels of spending with an increased demand for infrastructure in new developments.

The special assessment debt service fund has a fund balance of \$17,539,032 all of which is restricted for debt service. This is an increase of \$1,812,412 from 2016. 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 \$4,313,676. 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 an increase of \$2,516,089 which is the result of an increase in unspent bond proceeds.

The street and infrastructure capital project fund has a fund balance of \$15,173,238. 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 \$880,747 due to the 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 \$20,683,350. All individual proprietary funds reported increases in net position, except for the Job Development Authority, Public Transit, Dial a Ride and Parking Fund which had negative changes in net position of \$2,561,462, \$356,644, \$21,182 and \$9,252 respectively.

The Job Development Authority paid for infrastructure improvements including paving, watermains, sewer mains and storm ponds in the business park which were then transferred to the various funds when completed. Public Transit expenses increased due to GASB 68 reporting requirements.

General Fund Budgetary Highlights

During the year there was an increase of \$521,799 in appropriations between the original and final amended budget. Following are the main components of the increase:

- A net decrease of \$304,566 in appropriation in general government for wage market adjustments, transfer of budgeted health, street and public safety wage market adjustments in general government to public health, street and public safety functions.
- An increase of \$75,874 appropriation in health and welfare for wage market adjustment.
- An increase of \$517,205 appropriation in public safety for wage market adjustment and an increase in prisoner board fees and police overtime.
- An increase of \$46,570 appropriation in highways and streets to cover wage market adjustment.

- An increase of \$186,716 in appropriation for capital outlay for vehicles for the engineering department, various police equipment items and a leaf loader for the street department.

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

Noted variances between final budget and actual are as follows:

Revenues in total were 99.9% of budget. Revenue shortages in sales tax and property taxes (due to the discount which the City does not budget) were offset by higher than anticipated revenue from franchise fees.

Overall General Fund expenditures were incurred at 96.5% of final budget, a variance similar to prior years.

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, 2017, amounts to \$609,710,275 (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 4.06% and in business type activities increased by 11.06%, resulting in a total increase in the City's investment in capital assets for the current fiscal year compared to fiscal year 2016 of 8.49%. The majority of this increase is due to construction work on the new Water Treatment Plant.

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 continued on three new lift stations.
- Stormwater projects included storm sewer rehab and storm pond projects.
- Construction began on the new Water Treatment Plant with completion estimated to be in early 2020.
- A variety of infrastructure projects including paving, street lighting and traffic signals were completed in 2017.
- Various energy efficiency projects in city buildings.

CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 38,545,127	\$ 38,404,915	\$ 15,570,602	\$ 14,853,032	\$ 54,115,729	\$ 53,257,947
Building & Structures	30,227,459	30,964,584	155,929,468	153,750,210	186,156,927	184,714,794
Improvement other than buildings	52,417,585	53,067,678	160,295,820	154,709,780	212,713,405	207,777,458
Machinery and equipment	8,174,509	8,640,700	17,760,688	17,056,319	25,935,197	25,697,019
Infrastructure	78,252,562	68,364,663			78,252,562	68,364,663
Construction in Progress	1,725,851	1,343,446	45,185,039	15,045,862	46,910,890	16,389,308
Total	<u>\$ 209,343,093</u>	<u>\$ 200,785,986</u>	<u>\$ 394,741,617</u>	<u>\$ 355,415,203</u>	<u>\$ 604,084,710</u>	<u>\$ 556,201,189</u>
Internal Service Fund Capital Assets net of accumulated depreciation	\$ 5,625,565	\$ 5,788,373	\$ -	\$ -	\$ 5,625,565	\$ 5,788,373
	<u>\$ 214,968,658</u>	<u>\$ 206,574,359</u>	<u>\$ 394,741,617</u>	<u>\$ 355,415,203</u>	<u>\$ 609,710,275</u>	<u>\$ 561,989,562</u>

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 \$171,124,385. Of this amount, \$5,365,174 comprises debt backed by the full faith and credit of the City and \$70,095,673 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 \$95,663,538 of this debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Other long-term liabilities total \$80,162,022 which will be funded through a variety of revenue sources.

CITY OF GRAND FORKS – OUTSTANDING DEBT

	Governmental Activities	Business-Type Activities	Total 12/31/2017	Total 12/31/2016
General Obligation Bonds	\$ 5,125,000		\$ 5,125,000	\$ 8,235,000
Unamortized Premium	240,174		240,174	270,436
Unamortized Discount	-		-	(22,306)
Special Assessment with GO commitment	68,212,385		68,212,385	60,280,808
Unamortized Premium	1,995,385		1,995,385	1,547,550
Unamortized Discount	(112,097)		(112,097)	(122,302)
Sales Tax Revenue	4,500,000	\$ 36,305,000	40,805,000	44,275,000
Unamortized Premium	330,524	5,437,007	5,767,531	6,312,336
Unamortized Discount		-	-	-
Revenue Bonds		28,320,943	28,320,943	26,342,597
Unamortized Premium		409,390	409,390	462,990
Unamortized Discount		(43,662)	(43,662)	(46,768)
NDBB-SRF Loans		20,404,336	20,404,336	13,720,000
Total Bonded & SRF Loan Debt	80,291,371	90,833,014	171,124,385	161,255,341
Notes	-	901,491	901,491	1,572,051
Landfill Closure/Postclosure		3,914,522	3,914,522	3,547,052
Capital Leases	386,155	771,326	1,157,481	813,556
Compensated Absences	5,342,013	1,276,364	6,618,377	6,533,439
Net Pension Liability Single Employer Plan	24,366,077	7,163,838	31,529,915	31,965,663
Net Pension Liability Cost Sharing Plan	27,799,622	8,147,550	35,947,172	19,381,693
Total Debt Outstanding	\$ 138,185,238	\$ 113,008,105	\$ 251,193,343	\$ 225,068,795
Internal Service Fund Long-term Compensated Absences	93,064	-	93,064	60,031
	\$ 138,278,302	\$ 113,008,105	\$ 251,286,407	\$ 225,128,826

The City's total debt increased by \$26,157,581 during the current fiscal year.

The City's total bonded and State Revolving Fund Loan debt increased by \$9,869,044 during the current fiscal year.

The City's total debt increased by \$26,157,581 during the current fiscal year, a large part of this increase was due to the increase in the net pension liability in the cost sharing plan of \$16,565,479 and the Water Treatment Plant State Revolving Fund Loan debt of \$9,969,336.

During the current year the City issued \$10,555,000 in special assessment bonds to finance various improvement projects in the city limits.

The City also issued \$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 as of 12/31/17 the outstanding balance was \$9,969,336.

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 \$901,491.

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:

2017B Refunding Improvement Bonds	2.863%	Aa2
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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 \$113,110,098, which is significantly in excess of the City's outstanding net general obligation debt of \$5,365,174 (Table 15A, page 187).

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

The State's economy is starting to stabilize after a downturn due to falling oil and agricultural prices. Despite a slower state economy, Grand Forks' economy continues to remain strong in the energy, agriculture, aviation, unmanned aircraft systems, border security, medicine, research and tourism sectors. During the past few years, through the strength of partnerships with community, state, and regional members, 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 agribusiness and other research and commercial sectors.

Sales tax revenue was down 3.6% in 2016 and down 6.8% in 2017. Retail is feeling the impact of increases in online shopping.

Falling oil and agricultural prices that have impacted the state-wide economy have had a negative impact in the City's state aid revenue in 2016 and 2017. The City's 2018 budget for the General Fund was adjusted to reflect this lower projected income stream. 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 5.04%, 2.19% from new construction and 2.85% from revaluation. In 2018 the value of a mill is expected to increase from \$210,658 to \$221,287 per mill. The mill levy for the City of Grand Forks' 2018 budget remains unchanged at 98.8 mills for 2017 and 2018. Property taxes generated by new construction and valuation increases are estimated to be 5.04% or \$1,049,958. This includes an increase to the City's General Fund of

\$703,013. 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 2018, which includes operating, capital and debt service expenditures, is \$237.1 million compared to \$210.8 million in 2017, an increase of 12.5%. The increase is largely due to the construction of the new \$150 million Water Treatment Plant which will be completed in 2020

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 from \$105.5 million in the 2017 budget to \$122.1 million in the 2018 budget. The 2018 budget of \$122.1 million in capital improvement projects include \$91.4 million in utility infrastructure projects, \$6.6 million of facilities and buildings, \$19.7 million in streets and bikepath projects and \$4.4 million of equipment replacement. Some of the larger projects planned for 2018 include construction of the new water treatment plant and related infrastructure, a disinfection project at the wastewater treatment plant, various street reconstruction projects, new infrastructure in growing areas of town, and various utility infrastructure projects.

The recommended rate increases for the 2018 budget for Utility service charges are no rate increase for water, wastewater, stormwater, flood protection/greenway or mosquito fees. There will be a 4% increase in Sanitation fees for single family residential users with a 4% decrease for multi-family and commercial users. 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 2.1 percent unemployment rate was much lower than the national unemployment rate of 4.4 percent for 2017.

There were a total of 289 housing units and 32 new commercial and public buildings constructed in 2017.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	GF Regional Airport Authority
ASSETS				
Cash and cash equivalents	\$ 28,891,513	\$ 13,360,437	\$ 42,251,950	\$ 12,067,770
Investments	43,000,000	4,249,646	47,249,646	79,521
Receivables				
Accounts	1,148,677	4,635,754	5,784,431	257,438
Property taxes	306,471	20,106	326,577	247,474
Capital lease receivable		4,240,325	4,240,325	
Special assessments	640,138	378,712	1,018,850	
Uncertified special assessments	47,952,554		47,952,554	
Sales tax	708,593	556,384	1,264,977	
Notes receivable	2,044,605	3,182,563	5,227,168	
Due from other governments	2,125,639	3,103,010	5,228,649	537,263
Internal balances	728,982	(728,982)	-	
Inventories	165,199	387,136	552,335	31,962
Prepays	26,369	387,063	413,432	83,669
Other Assets		100,000	100,000	
Restricted assets:				
Cash and cash equivalents		9,487,066	9,487,066	801,000
Investments		19,164,359	19,164,359	
Accounts receivable		18,208	18,208	
Capital assets (net of accumulated depreciation):				
Land	38,825,187	15,570,602	54,395,789	1,746,081
Buildings and structures	34,727,909	155,929,468	190,657,377	20,148,716
Improvements other than buildings	52,678,646	160,295,820	212,974,466	23,886,082
Machinery and Equipment	8,729,862	17,760,688	26,490,550	1,822,974
Infrastructure	78,252,562	-	78,252,562	
Construction-in-progress	1,754,492	45,185,039	46,939,531	2,147,350
Total assets	<u>342,707,398</u>	<u>457,283,404</u>	<u>799,990,802</u>	<u>63,857,300</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	263,614	1,840,317	2,103,931	
Deferred Pension Single Employer Plan	4,890,107	1,457,971	6,348,078	
Deferred Pension NDPERS	14,053,439	4,302,084	18,355,523	
Total deferred outflows of resources	<u>19,207,160</u>	<u>7,600,372</u>	<u>26,807,532</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,427,471	1,004,503	2,431,974	177,835
Contracts payable	553,115	2,914,241	3,467,356	-
Customer deposit payable	92,116	16,431	108,547	
Accrued interest payable	287,805	469,894	757,699	18,563
Unearned revenue	2,170,870	561,829	2,732,699	
Noncurrent liabilities:				
Due within one year	8,496,501	9,020,101	17,516,602	369,669
Net pension liability	52,165,699	15,311,388	67,477,087	
Due in more than one year	77,616,102	88,676,616	166,292,718	4,741,143
Total liabilities	<u>142,809,679</u>	<u>117,975,003</u>	<u>260,784,682</u>	<u>5,307,210</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Single Employer Plan	65,981	19,112	85,093	
Deferred Pension NDPERS	776,742	225,868	1,002,610	
Total deferred inflows of resources	<u>842,723</u>	<u>244,980</u>	<u>1,087,703</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	134,554,746	302,456,193	437,010,939	44,660,060
Restricted for:				
Debt Service	68,468,483	21,275,621	89,744,104	801,000
Infrastructure and Capital Projects	22,456,528	2,347,225	24,803,753	
Library	2,080,550		2,080,550	
Economic Development	6,286,217		6,286,217	
Community Development	1,440,917		1,440,917	
Emergency	1,857,231		1,857,231	
Public Buildings	716,347		716,347	
Other purposes	640,502		640,502	
Unrestricted	(20,239,365)	20,584,754	345,389	13,089,030
Total net position	<u>\$ 218,262,156</u>	<u>\$ 346,663,793</u>	<u>\$ 564,925,949</u>	<u>\$ 58,550,090</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, 2017

Functions/Programs Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Regional Airport Authority
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:							
General government	\$ 12,777,052	\$ 7,973,881	\$ 439,580	\$ (4,363,591)	\$	\$ (4,363,591)	
Highways and Streets	12,207,703	2,893	3,308,448	(8,896,362)		(8,896,362)	
Public safety	28,020,466	2,579,607	959,479	(24,344,401)		(24,344,401)	
Health and welfare	3,454,318	794,145	1,698,702	(961,471)		(961,471)	
Culture and recreation	2,350,886	47,440	899,357	(1,404,089)		(1,404,089)	
Public Works	8,337,566			6,250,430		6,250,430	
Interest on long-term debt	2,536,774			(2,536,774)		(2,536,774)	
Total governmental activities	69,684,765	11,397,966	7,305,566	(36,256,258)		(36,256,258)	
Business-type activities:							
Sanitation	9,295,130	10,495,665			\$ 1,200,535	1,200,535	
Wastewater	9,257,933	9,779,379			4,387,076	4,387,076	
Waterworks	10,390,400	11,675,504			17,255,312	17,255,312	
Stormwater	3,511,812	2,679,042			1,710,724	1,710,724	
Mosquito Control	861,285	1,064,495	3,500		206,710	206,710	
Public Transit	2,917,683	505,604	1,005,852		(1,362,442)	(1,362,442)	
Dial-A-Ride	1,586,191	244,341	948,684		(304,512)	(304,512)	
Alerus Center	9,281,649	4,098,112			(5,168,733)	(5,168,733)	
Job Development Authority	3,119,030	2,141,371			(977,659)	(977,659)	
Downtown Parking	396,790	322,926			(73,864)	(73,864)	
Total business-type activities	50,617,903	43,006,439	1,958,036	-	16,873,147	16,873,147	
Total primary government	120,302,668	54,404,405	9,263,602	(36,256,258)	16,873,147	(19,383,111)	
Component units:							
Regional Airport Authority	\$ 8,094,058	\$ 3,611,809	\$ -	\$ -	\$ -	\$ -	\$ (1,040,132)
Total component units	8,094,058	3,611,809	-	-	-	-	(1,040,132)
General revenues:							
Property taxes levied for general purpose				\$ 18,446,589	\$ 1,168,530	\$ 19,615,119	\$ 1,259,820
Property taxes levied for debt service				1,080,341	-	1,080,341	
Sales taxes				10,844,182	8,536,183	19,380,365	
Unrestricted state aid distribution				3,079,446	-	3,079,446	
Franchise taxes				2,580,282	-	2,580,282	
Other taxes				936,753	29,280	966,033	
Unrestricted investment earnings				531,193	853,790	1,384,983	70,538
Gain on sale of capital assets				-	357,964	357,964	
Miscellaneous				1,304,134	84,035	1,388,169	81,387
Transfers				1,799,987	(1,799,987)	-	
Total general revenue and transfers				40,602,907	9,229,795	49,832,702	1,411,745
Change in net position				4,346,649	26,102,942	30,449,591	371,613
Net position - beginning				213,915,507	320,560,851	534,476,358	58,178,477
Net position - ending				\$ 218,262,156	\$ 346,663,793	\$ 564,925,949	\$ 58,550,090

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

CITY OF GRAND FORKS, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	General Fund	Debt Service Special Assessment Bonds	Capital Project Current Year Projects	Capital Project Street and Infrastructure Fund	Non-Major Governmental Funds	2017 Total Governmental Funds	2016 Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 3,313,321	\$ 2,889,031	\$ 4,874,552	\$ 4,724,977	\$ 12,574,722	\$ 28,376,603	\$ 17,144,882
Investments	8,000,000	15,000,000	-	10,000,000	10,000,000	43,000,000	49,892,985
Receivables, net:							
Accounts	923,624			1,447	223,606	1,148,677	1,225,165
Special assessments (including liens)	584	618,553			21,001	640,138	820,895
Special assessments-uncertified	70,820	45,582,878			2,298,856	47,952,554	47,018,990
Property taxes	228,935				77,536	306,471	241,068
Sales tax	321,008			254,642	132,943	708,593	849,484
Notes					2,044,605	2,044,605	2,051,540
Intergovernmental	1,082,879			343,749	699,011	2,125,639	2,189,341
Prepaid Items	22,742				310	23,052	19,976
Due from other funds	445,000				825,285	1,270,285	989,985
Advances to other funds	28,901				-	28,901	28,901
Total assets	<u>\$ 14,437,814</u>	<u>\$ 64,090,462</u>	<u>\$ 4,874,552</u>	<u>\$ 15,324,815</u>	<u>\$ 28,897,875</u>	<u>\$ 127,625,518</u>	<u>\$ 122,473,212</u>
LIABILITIES							
Accounts payable	\$ 750,608	\$ -	\$ 66,754	\$ 92,584	\$ 509,738	\$ 1,419,684	\$ 1,324,909
Contracts payable			494,122	58,993		553,115	423,882
Surety deposits	92,116					92,116	92,593
Due to other funds		350,000			95,000	445,000	90,000
Advance from other funds					204,800	204,800	238,154
Unearned income					2,170,870	2,170,870	2,158,124
Total liabilities	<u>842,724</u>	<u>350,000</u>	<u>560,876</u>	<u>151,577</u>	<u>2,980,408</u>	<u>4,885,585</u>	<u>4,327,662</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	191,668				64,916	256,584	204,955
Unavailable revenue-special assessments	71,403	46,201,430			2,319,857	48,592,690	47,839,884
Total deferred inflows of resources	<u>263,071</u>	<u>46,201,430</u>	<u>-</u>	<u>-</u>	<u>2,384,773</u>	<u>48,849,274</u>	<u>48,044,839</u>
FUND BALANCES							
Non-spendable:	51,643				310	51,953	28,901
Restricted		17,539,032	4,313,676	15,173,238	18,625,944	55,651,890	51,503,373
Committed	2,084,078				4,906,440	6,990,518	7,226,359
Assigned	2,548,757					2,548,757	2,821,898
Unassigned	8,647,541					8,647,541	8,520,180
TOTAL FUND BALANCE	<u>13,332,019</u>	<u>17,539,032</u>	<u>4,313,676</u>	<u>15,173,238</u>	<u>23,532,694</u>	<u>73,890,659</u>	<u>70,100,711</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 14,437,814</u>	<u>\$ 64,090,462</u>	<u>\$ 4,874,552</u>	<u>\$ 15,324,815</u>	<u>\$ 28,897,875</u>	<u>\$ 127,625,518</u>	<u>\$ 122,473,212</u>

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, 2017

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

Total Fund Balance - Governmental Funds		\$	73,890,659
Capital Assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements:			
Land	\$	38,545,127	
Buildings net of depreciation		30,227,459	
Improvement Other Than Buildings net of depreciation		52,417,585	
Machinery & Equipment net of depreciation		8,174,509	
Infrastructure net of depreciation		78,252,562	
Construction in progress		1,725,851	
		209,343,093	209,343,093
Liabilities that are not due and payable in the current period and therefore not reported in the governmental funds:			
Bonds Payable	\$	77,837,385	
Deferred Amount on Refunding		(263,614)	
Capital Lease Payable		386,155	
Compensated Absences		5,342,013	
Net Pension Liability - Single Employer Plan		24,366,077	
Net Pension Liability - Cost Sharing Plan		27,799,622	
Accrued Interest Payable		287,805	
		135,755,443	(135,755,443)
Unamortized Discount/Premium			(2,453,986)
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			4,890,107
Deferred Outflows of Resources - NDPERS			14,053,439
Deferred Inflows of Resources - Single Employer Plan			(65,981)
Deferred (Inflows) of Resources - NDPERS			(776,742)
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.			
			48,849,274
Assets or liabilities of internal service funds that primarily serve governmental funds:			
			6,287,736
Net Position of Governmental Activities		\$	218,262,156

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, 2017
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	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 2017	Total Governmental Funds 2016
REVENUES							
Taxes:							
Property	\$ 15,004,781				\$ 4,522,150	\$ 19,526,931	\$ 18,064,474
Sales	4,929,105			\$ 3,873,730	2,041,346	10,844,181	11,386,164
Licenses and permits	1,863,331					1,863,331	1,737,903
Intergovernmental	4,193,948			3,600,115	3,988,998	11,783,061	11,372,547
Charges for services	6,774,474			2,893	1,954,250	8,731,617	7,819,779
Special assessments		\$ 9,248,750			357,433	9,606,183	8,683,063
Fines and forfeits	912,834				15,240	928,074	871,577
Investment earnings (loss)	116,461	149,882	\$ (8,559)	97,185	175,556	530,525	700,740
Miscellaneous	2,721,619				713,430	3,435,049	2,648,216
Total revenues	<u>36,516,553</u>	<u>9,398,632</u>	<u>(8,559)</u>	<u>7,573,923</u>	<u>13,768,403</u>	<u>67,248,952</u>	<u>63,284,463</u>
EXPENDITURES							
Current:							
General government	9,271,715				2,843,267	12,114,982	14,730,723
Health & welfare	2,004,220				1,398,427	3,402,647	3,021,001
Public safety	18,933,493				2,796,030	21,729,523	21,320,986
Highway & streets	6,232,449			554,555	-	6,787,004	4,417,385
Culture and recreation					2,331,928	2,331,928	2,327,625
Debt service:							
Principal		5,839,490			4,797,944	10,637,434	9,550,174
Interest and fiscal charges		2,020,360			546,245	2,566,605	2,627,104
Bond issuance costs		63,262			-	63,262	154,038
Contractual services		6,762				6,762	8,955
Capital outlay:							
General government	15,524				162,522	178,046	1,099,521
Health & welfare	3,940				4,417	8,357	48,283
Culture and recreation					427,402	427,402	284,491
Public safety	263,176				227,444	490,620	1,498,612
Public works	254,410		12,815,631	4,007,866	728,192	17,806,099	12,512,350
Total expenditures	<u>36,978,927</u>	<u>7,929,874</u>	<u>12,815,631</u>	<u>4,562,421</u>	<u>16,263,818</u>	<u>78,550,671</u>	<u>73,601,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(462,374)</u>	<u>1,468,758</u>	<u>(12,824,190)</u>	<u>3,011,502</u>	<u>(2,495,415)</u>	<u>(11,301,719)</u>	<u>(10,316,785)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,333,177	600,697	1,371,016		5,122,447	8,427,337	12,625,688
Transfers out	(1,608,174)	(257,043)	(368,712)	(3,892,249)	(2,058,206)	(8,184,384)	(12,529,079)
Issuance of refunding bonds			-		-	-	8,915,000
Issuance of bonds			13,771,067			13,771,067	1,280,808
Redemption of refunded bonds					-	-	(860,000)
Bond (discount) premium			566,908		-	566,908	308,221
Issuance of Capital Lease					437,479	437,479	
Sale of capital assets	3,130				70,130	73,260	369,424
Total other financing sources and uses	<u>(271,867)</u>	<u>343,654</u>	<u>15,340,279</u>	<u>(3,892,249)</u>	<u>3,571,850</u>	<u>15,091,667</u>	<u>10,110,062</u>
Net change in fund balances	<u>(734,241)</u>	<u>1,812,412</u>	<u>2,516,089</u>	<u>(880,747)</u>	<u>1,076,435</u>	<u>3,789,948</u>	<u>(206,723)</u>
Fund balances - beginning	<u>14,066,260</u>	<u>15,726,620</u>	<u>1,797,587</u>	<u>16,053,985</u>	<u>22,456,259</u>	<u>70,100,711</u>	<u>70,307,434</u>
Fund balances - ending	<u>\$ 13,332,019</u>	<u>\$ 17,539,032</u>	<u>\$ 4,313,676</u>	<u>\$ 15,173,238</u>	<u>\$ 23,532,694</u>	<u>\$ 73,890,659</u>	<u>\$ 70,100,711</u>

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, 2017

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) \$ 3,789,948

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	\$ 15,888,878	
Depreciation expense - current year	<u>(7,149,672)</u>	
	8,739,206	8,739,206

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 (73,260)

Gain (Loss) on disposition of capital assets (108,839)

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	\$(13,771,067)	
Capital Lease	(437,479)	
Bonds discount and premium	(566,908)	

Repayments:

Bond and Capital Lease Principal	10,637,434	
Bond deferred charges amortization	(112,704)	
Bonds discount and premium amortization	<u>258,292</u>	
Net Adjustment	(3,992,432)	(3,992,432)

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		5,591
Change in compensated absences		(214,020)
Change in net pension obligation		(12,492,085)

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

Change in Deferred Outflow of Resources		7,598,814
Change in Deferred Inflow of Resources		58,522

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, 2017	\$ 48,849,274	
Unavailable revenue December 31, 2016	<u>(48,044,838)</u>	
Net change	804,436	804,436

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.

230,768

Change in net position of governmental activities (Exhibit 2)

\$ 4,346,649

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, 2017

With Comparative Actual Totals for Year Ended December 31, 2016

	Original Budget	Final Budget As Amended	2017 Actual Amounts	Variance with Final Budget Positive (Negative)	2016 Actual Amounts
REVENUES					
Taxes:					
Property	\$ 15,561,268	\$ 15,561,268	\$ 15,004,781	\$ (556,487)	\$ 13,885,241
Sales	5,187,160	5,187,160	4,929,105	(258,055)	5,175,457
Licenses and permits	1,864,320	1,864,320	1,863,331	(989)	1,737,903
Intergovernmental	4,464,163	4,150,995	4,193,948	42,953	4,189,017
Charges for services	6,133,551	6,328,419	6,774,474	446,055	6,480,071
Fines and forfeits	845,000	845,000	912,834	67,834	835,317
Interest	124,784	124,784	116,461	(8,323)	139,684
Miscellaneous	2,428,346	2,476,873	2,721,619	244,746	2,598,317
Total Revenues	36,608,592	36,538,819	36,516,553	(22,266)	35,041,007
EXPENDITURES					
Current:					
General Government:					
Assessor	799,040	841,441	794,315	47,126	778,590
Attorney	269,250	296,917	297,641	(724)	284,918
Finance and Administrative Services	1,283,796	1,366,703	1,346,154	20,549	1,284,302
Planning & Zoning	370,587	383,021	356,266	26,755	353,984
City Hall	370,841	372,991	355,951	17,040	344,341
Information Services	1,023,645	1,006,629	956,764	49,865	1,015,288
Inspections	1,231,124	1,236,227	1,212,072	24,155	1,196,208
Mayor and Council	424,177	421,053	417,431	3,622	404,043
City Administrator	313,628	325,043	315,316	9,727	290,852
Public Information Center	232,718	242,342	235,274	7,068	230,494
Miscellaneous	2,808,385	2,348,155	2,168,640	179,515	1,758,009
Human Resources	885,012	867,115	815,891	51,224	858,139
Total General Government	10,012,203	9,707,637	9,271,715	435,922	8,799,168
Health and Welfare:					
Health	2,081,274	2,157,148	2,004,220	152,928	1,971,668
Total Health and Welfare	2,081,274	2,157,148	2,004,220	152,928	1,971,668

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, 2017

With Comparative Actual Totals for Year Ended December 31, 2016

	Original Budget	Final Budget As Amended	2017 Actual Amounts	Variance with Final Budget Positive (Negative)	2016 Actual Amounts
Public Safety:					
Fire	\$ 7,818,074	\$ 7,928,973	\$ 7,776,433	\$ 152,540	\$ 7,524,756
Municipal Court	725,072	789,460	761,547	27,913	682,297
Police	9,822,632	10,164,482	9,971,335	193,147	9,789,293
Training & Evidence Facility	18,331	18,956	12,308	6,648	18,815
Police Building	321,654	321,305	290,895	30,410	293,062
Public Safety Training Center	93,572	93,364	73,816	19,548	76,997
Emergency Program Management	47,679	47,679	47,159	520	55,095
Total Public Safety	18,847,014	19,364,219	18,933,493	430,726	18,440,315
Highways and Streets:					
Engineering	2,416,882	2,460,324	2,275,715	184,609	2,260,523
Street	4,067,858	4,070,986	3,956,734	114,252	3,878,267
Total Highway and Streets	6,484,740	6,531,310	6,232,449	298,861	6,138,790
Capital Outlay	366,905	553,621	537,050	16,571	1,345,280
Total Expenditures	37,792,136	38,313,935	36,978,927	1,335,008	36,695,221
Excess (Deficiency) of Revenues Over Expenditures	(1,183,544)	(1,775,116)	(462,374)	1,312,742	(1,654,214)
OTHER FINANCING SOURCES (USES)					
Sale of property		2,754	3,130	376	324,377
Transfers in	1,211,726	1,328,676	1,333,177	4,501	2,797,157
Transfers out	(979,873)	(1,325,230)	(1,608,174)	(282,944)	(1,490,086)
Total Other Financing Sources (Uses)	231,853	6,200	(271,867)	(278,067)	1,631,448
Net Change in Fund Balance	(951,691)	(1,768,916)	(734,241)	1,034,675	(22,766)
Fund Balances - Beginning	14,066,260	14,066,260	14,066,260		14,089,026
Fund Balances - Ending	\$ 13,114,569	\$ 12,297,344	\$ 13,332,019	\$ 1,034,675	\$ 14,066,260

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, 2017

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	\$ 3,285,168	\$ 2,187,720	\$ 962,075	\$ 859,536	\$ 766,245	\$ 3,810,267	\$ 1,489,426	\$ 13,360,437	\$ 514,910
Investments						4,249,646		4,249,646	
Restricted cash, cash equivalents, and investments:									
Customer deposits			1,000	14,000			1,431	16,431	
Construction account	1,327,282	398,314	1,270,430				177,033	3,173,059	
Operating and capital reserve fund					1,726,061			1,726,061	
Trust acct.-advance ticket sales/suite rev.					421,613			421,613	
Revenue bond current debt service acct.	503,445	1,315,082	139,657	589,310	11,273,770		33,662	13,854,926	
Receivables (net of allowances for uncoll.):									
Accounts	913,819	1,058,881	680,053	926,543	495,953	258,992	301,513	4,635,754	
Capital Lease Receivable						652,840		652,840	
Notes Receivable						698,560		698,560	
Taxes - property							20,106	20,106	
Taxes - sales					556,384			556,384	
Special assessments		14,644	162,956		201,112			378,712	
Due from other funds				376,146			50,000	50,000	
Advances to other funds								376,146	
Intergovernmental:									
Federal government							1,292,203	1,292,203	
State of North Dakota				1,731,042			79,765	1,810,807	
Restricted receivables:									
Accounts Receivable								18,208	
Inventories				219,030	77,184		90,922	387,136	165,199
Prepaid items	2,024	30,038	10,297	217,482	20,079	26,685	80,458	387,063	3,317
Total current assets	6,031,738	5,004,679	3,226,468	4,933,089	15,556,609	9,696,990	3,616,519	48,066,092	683,426
Noncurrent Assets:									
Restricted cash, cash equivalents, and investments:									
Revenue bond reserve account	628,946	3,571,020	405,862	3,196,763			87,998	7,890,589	
Reserved for Landfill Closure	1,568,746							1,568,746	
Total restricted cash, cash equivalents, and investments	2,197,692	3,571,020	405,862	3,196,763			87,998	9,459,335	
Receivables (net of allowances for uncoll.):									
Notes receivable					2,484,003			2,484,003	
Capital lease receivable					3,587,485			3,587,485	
Other Assets					100,000			100,000	
Total noncurrent receivables					6,171,488			6,171,488	
Capital Assets:									
Land	2,581,184	253,751	991,518	735,883	5,956,441	4,690,999	360,826	15,570,602	280,060
Buildings	5,364,676	78,550,316	5,854,936	43,356,266	88,337,095	15,874,799	4,090,953	241,429,041	7,974,821
Improvements other than buildings	20,166,294	99,731,022	61,121,824	75,653,304	1,434,824	1,374,906	3,847,327	263,329,501	420,500
Machinery and equipment	15,639,903	2,683,150	953,485	6,358,782	12,438,600	32,256	6,308,250	44,414,426	2,065,570
Construction in progress		289,118	37,519	44,047,876	95,123	715,403		45,185,039	28,641
Less accumulated depreciation	(19,313,401)	(75,356,148)	(18,301,059)	(52,617,039)	(35,855,809)	(6,534,505)	(7,209,037)	(215,186,992)	(5,144,027)
Total Capital Assets (net of accumulated depreciation)	24,438,656	106,151,209	50,658,223	117,535,072	72,406,280	16,153,858	7,398,319	394,741,617	5,625,565
Total Noncurrent Assets	26,636,348	109,722,229	51,064,085	120,731,835	72,406,280	22,325,346	7,486,317	410,372,440	5,625,565
Total Assets	32,668,086	114,726,908	54,290,553	125,664,924	87,962,889	32,022,336	11,102,836	458,438,532	6,308,991

Continued

CITY OF GRAND FORKS, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

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				443,107	1,840,317			1,840,317	
Deferred Pension Single Employer Plan	509,108	286,145	46,214			464	172,933	1,457,971	
Deferred Pension NDPERS	1,215,385	868,958	316,128	1,046,265		178,203	677,145	4,302,084	
Total deferred outflow of resources	1,724,493	1,155,103	362,342	1,489,372	1,840,317	178,667	850,078	7,600,372	
LIABILITIES									
Current Liabilities:									
Accounts payable	60,444	149,152	34,979		361,899	270,458	127,571	1,004,503	7,787
Due to other funds				9,354	825,285		50,000	875,285	
Compensated absences payable-current	6,527	47,215	20,700	2,562,730	117,325	62,760	17,124	80,220	
Contracts payable (Includes Retainage)		150,726	1,000	14,000			1,431	2,914,241	
Customer deposits payable					561,829			16,431	
Advance ticket and suite revenue	102,704	179,899	3,950	105,718	72,390		5,233	561,829	
Accrued interest payable	236,805							469,894	
Capital leases payable-current								236,805	
Notes payable-current								281,441	
Bonds payable-current	1,195,000	2,981,635	395,000	1,475,000	2,290,000	281,441	85,000	8,421,635	
Total Current Liabilities	1,601,480	3,508,627	455,629	4,166,802	4,228,728	614,659	286,359	14,862,284	7,787
Noncurrent Liabilities:									
Compensated absences payable	349,754	262,632	30,518	214,633		67,319	271,289	1,196,145	93,064
Revenue bonds payable	9,952,121	16,844,206		15,458,013	39,452,007		705,032	82,411,379	
Capital leases payable	534,521					620,050		534,521	
Notes payable								620,050	
Advances from other funds		181,246						181,246	19,000
Net Pension Liability Single Employer Plan	2,437,633	1,362,847	221,621	2,315,430		3,110	823,197	7,163,838	
Net Pension Liability NDPERS	2,417,209	1,613,297	508,112	2,159,915		257,046	1,191,971	8,147,550	
Landfill closure and postclosure care	3,914,522							3,914,522	
Total Noncurrent Liabilities	19,605,760	20,264,228	760,251	20,147,991	39,452,007	947,525	2,991,489	104,169,251	112,064
Total Liabilities	21,207,240	23,772,855	1,215,880	24,314,793	43,680,735	1,562,184	3,277,848	119,031,535	119,851
DEFERRED INFLOWS OF RESOURCES									
Deferred Pension Single Employer Plan	6,356	3,702	604	6,399		17	2,034	19,112	
Deferred Pension NDPERS	82,353	40,365	2,216	81,925		(2,360)	21,369	225,868	
Total deferred inflow of resources	88,709	44,067	2,820	88,324		(2,343)	23,403	244,980	
NET POSITION									
Net investment in capital assets	12,520,209	86,325,368	50,263,223	98,080,658	32,504,590	16,153,858	6,608,287	302,456,193	5,625,565
Net position-restricted									
Debt Service	1,029,687	4,706,203	541,569	3,680,355	11,201,380		116,427	21,275,621	
Capital		398,314	1,270,430		501,448		177,033	2,347,225	
Net position-unrestricted	(453,266)	635,204	1,358,973	990,166	1,915,053	14,487,304	1,749,916	20,683,350	563,575
Total Net Position	\$ 13,096,630	\$ 92,065,089	\$ 53,434,195	\$ 102,751,179	\$ 46,122,471	\$ 30,641,162	\$ 8,651,663	\$ 346,762,389	\$ 6,189,140
									\$ (98,596)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds									\$ 346,663,793
Net position of business-type activities									\$ 346,663,793

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

Year Ended December 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							Totals 2017	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	\$10,495,665	\$ 9,772,877	\$ 2,677,442	\$ 11,630,869	\$ 4,098,112	\$ 2,087,784	\$1,820,728	\$ 36,397,601	
Rents - concessions and other							314,891	6,185,896	\$ 2,176,677
Operating assessment		6,502	1,600	44,615		53,587	1,747	108,051	
Miscellaneous									
Total Operating Revenues	10,495,665	9,779,379	2,679,042	11,675,504	4,098,112	2,141,371	2,137,366	43,006,439	2,176,677
Operating Expenses:									
Salaries and wages	1,863,532	1,172,385	380,054	1,413,516	2,624,981	338,401	1,534,963	9,327,832	504,830
Supplies	208,635	146,515	9,190	1,393,519		7,138	335,818	2,100,815	690,994
Contractual services	1,951,833	942,065	323,282	1,337,056	391,831	191,474	385,142	5,522,683	118,529
Maintenance - structures and equipment	1,771,221	503,308	494,223	751,121	413,167	280,471	684,955	4,898,466	400,390
Concession and catering					698,512			698,512	
Advertising and marketing					162,082			162,082	
Self promoted events settlements									
Sundry expenses	(3,089)	20,355	6,454	31,714	51,123	77,101	31,460	215,118	6,821
Utilities - heat and lights	77,390	921,988	139,474	551,100	405,185	283,457	106,710	2,485,304	125,670
Pension and social security	863,375	574,620	176,620	508,232		128,316	500,582	2,751,745	104,281
Management fee					36,000			36,000	
Administrative and general	810,154	931,452	601,282	1,410,440	177,266	1,267,114	1,098,090	6,295,798	82,487
Total Operating Expenses	7,543,051	5,212,688	2,130,579	7,396,698	4,960,147	2,573,472	4,677,720	34,494,355	2,034,002
Net Income (Loss) from Operations before Depreciation	2,952,614	4,566,691	548,463	4,278,806	(862,035)	(432,101)	(2,540,354)	8,512,084	142,675
Less - Depreciation	1,454,085	3,469,360	1,361,935	2,656,699	2,779,513	491,026	746,032	12,958,650	388,099
Net Operating Income (Loss)	1,498,529	1,097,331	(813,472)	1,622,107	(3,641,548)	(923,127)	(3,286,386)	(4,446,566)	(245,424)
Nonoperating Revenues (Expenses):									
Interest						414,315	15,425	853,790	664
Federal grants	71,359	75,760	26,466	81,082	169,383		1,671,113	1,671,113	
State grants							286,923	286,923	
General property taxes							1,168,530	1,168,530	
Personal property replacements							29,280	29,280	
Sales tax					8,536,183			8,536,183	
Pass through grant expense							(318,450)	(318,450)	
Miscellaneous	19,620						64,415	84,035	
Gain (loss) on capital assets	38,994		(710)	(49,801)		(782,575)	13,368	(772,837)	(3,516)
Interest expense	(297,994)	(575,885)	(18,588)	(287,202)	(1,541,989)	(54,532)	(17,443)	(2,793,633)	
Total Nonoperating Revenues (Expenses)	(168,021)	(492,238)	7,168	(255,921)	7,163,577	(422,792)	2,913,161	8,744,934	(2,852)
Income (Loss) Before Capital Contributions and Transfers	1,330,508	605,093	(806,304)	1,366,186	3,522,029	(1,345,919)	(373,225)	4,298,368	(248,276)

Continued

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

Year Ended December 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS										Governmental Activities- Internal Service Funds
	Sanitation Fund	Wastewater Fund	Storm Water Fund	Water Fund	Alerus Center	Job Development Authority	Non-Major Enterprise Funds	Totals 2017			
Capital Contributions and Transfers:											
Contributed Capital	\$ 44,865	\$ 3,865,630	\$ 2,543,494	\$ 15,970,208	\$ 14,804	\$ -	\$ 132,439	\$ 22,526,575			\$ 517,746
Transfers in	(229,295)	333,321	724,982	287,301		489,822	62,640	1,942,931			
Transfers out		(216,338)	(163,927)	(381,552)		(1,705,365)	(7,155)	(2,703,632)			
Total Capital Contributions and Transfers	(184,430)	3,982,613	3,104,549	15,875,957	14,804	(1,215,543)	187,924	21,765,874			517,746
Change in Net Position	1,146,078	4,587,706	2,298,245	17,242,143	3,536,833	(2,561,462)	(185,301)	26,064,242			269,470
Total Net Position-Beginning	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
Total Net Position-Ending	\$ 13,096,630	\$ 92,065,089	\$ 53,434,195	\$ 102,751,179	\$ 46,122,471	\$ 30,641,162	\$ 8,651,663	\$ 338,700			\$ 6,189,140
									\$ 38,700		
									\$ 26,102,942		

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Change in net position of business-type activities

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

	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	
Cash Flows from Operating Activities:								
Receipts from customers	\$ 10,555,641	\$ 9,904,884	\$ 2,716,340	\$ 11,527,667	\$ 3,987,802	\$ 2,180,938	\$ 2,129,120	\$ 43,002,392
Payments to suppliers	(6,067,411)	(3,657,491)	(1,625,976)	(6,472,038)	(2,066,547)	(1,972,368)	(3,202,989)	(25,064,820)
Payments to employees	(1,898,478)	(1,183,646)	(379,770)	(1,414,306)	(2,726,474)	(328,680)	(1,531,125)	(9,462,479)
Payments for interfund services used				(25,000)				(25,000)
Net cash provided (used) by operating activities	2,589,752	5,063,747	710,594	3,641,323	(830,219)	(120,110)	(2,604,994)	8,450,093
Cash Flows from Non-Capital Financing Activities:								
Transfers from other funds	44,865	333,321	724,982	287,301		489,822	62,640	1,942,931
Proceeds from other funds	(229,295)	(216,338)	(163,927)	(381,552)		(1,705,365)	(7,155)	(2,703,632)
Proceeds of repayment of advances from other funds		(175,118)		208,470				208,470
Repayment of advances to other funds								(175,118)
Operating subsidies from federal grants							1,409,558	1,409,558
Operating subsidies from state grants							264,255	264,255
Operating subsidies from Taxes					522,147		1,193,238	1,715,385
Net cash provided (used) by non-capital financing activities	(184,430)	(58,135)	561,055	114,219	522,147	(1,215,543)	2,922,536	2,661,849
Cash Flows from Capital & Related Financing Activities:								
Proceeds from revenue bonds and notes				9,974,336		946,554		14,767,410
Proceeds from capital lease receivable	193,138	4,793,074						1,139,692
Capital contributions		549,025	295,775	15,552,139	8,152,330		108,114	24,657,383
Acquisition and construction of capital assets	(2,309,343)	(5,849,883)	(838,855)	(29,143,298)	(3,643,870)	(1,696,569)	(215,676)	(43,697,494)
Proceeds from sale of capital assets	38,994	7,887				295,411	19,017	361,309
Principal paid on capital debt	(1,420,367)	(3,009,728)	(385,000)	(1,440,000)	(2,175,000)	(277,616)	(85,000)	(8,792,711)
Interest paid on capital debt	(327,039)	(574,609)	(22,438)	(274,346)	(1,847,288)	(54,532)	(14,315)	(3,114,567)
Net cash provided (used) by capital & related financing activities	(3,824,617)	(4,084,234)	(950,518)	(5,331,169)	486,172	(786,752)	(187,860)	(14,678,978)
Cash Flows from Investing Activities:								
Proceeds from sales and maturities of investments	2,755,950	3,093,364	504,949	1,709,164	10,597,709	9,000,000	87,000	27,748,136
Purchase of investments	(628,946)	(3,571,020)	(405,862)	(3,196,763)	(11,273,770)	(4,249,646)	(87,998)	(23,414,005)
Interest and dividends received	71,359	75,760	26,466	81,082	169,383	73,902	15,425	513,377
Net cash provided (used) by investing activities	2,198,363	(401,896)	125,553	(1,406,517)	(506,678)	4,824,256	14,427	4,847,508
Net increase (decrease) in cash and cash equivalents	779,068	519,482	446,684	(2,982,144)	(328,578)	2,701,851	144,109	1,280,472
Cash and cash equivalents - beginning of the year	5,905,573	3,381,634	1,926,478	4,444,990	3,242,497	1,108,416	1,557,443	21,567,031
Cash and cash equivalents - end of the year	\$ 6,684,641	\$ 3,901,116	\$ 2,373,162	\$ 1,462,846	\$ 2,913,919	\$ 3,810,267	\$ 1,701,552	\$ 22,847,503

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 2017
Operating Income (loss)	\$ 1,498,529	\$ 1,097,331	\$ (813,472)	\$ 1,622,107	\$ (3,641,548)	\$ (923,127)	\$ (3,286,386)	\$ (4,446,566)	\$ (245,424)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:									
Depreciation Expense	1,454,085	3,469,360	1,361,935	2,656,699	2,779,513	491,026	746,032	12,958,650	388,099
(Increase) decrease in accounts receivable	59,976	125,505	37,298	(140,837)	(2,498)	(32,385)	(8,188)	38,871	501
(Increase) decrease in inventories				17,430	7,698		626	25,754	(38,973)
(Increase) decrease in prepaid items	(399)	(2,658)	5,562	(136,384)	10,776	(4,839)	(5,383)	(133,325)	(472)
Increase (Decrease) in customer deposits				(7,000)	(107,812)		(57)	(114,869)	
(Increase) decrease in notes receivable						71,952		71,952	
(Increase) decrease in deferred pension outflows	(583,246)	(454,531)	(204,497)	(393,408)		(177,117)	(401,625)	(2,214,424)	
Increase (decrease) in accounts payable	(1,162,293)	102,775	17,632	(694,044)	250,145	192,205	(276,265)	(1,569,845)	1,282
Increase (decrease) in compensated absences payable	(30,347)	(11,758)	217	(5)	(101,493)	9,613	4,691	(129,082)	
Increase (decrease) in net pension liability	999,540	741,400	308,337	717,648		255,021	625,700	3,637,646	12,946
Increase (decrease) in landfill closure/postclosure liability	367,470							367,470	
Increase (decrease) in deferred pension inflows	(3,563)	(3,677)	(2,418)	(883)		(2,459)	(4,139)	(17,139)	
(Increase) decrease in due from other funds					(25,000)		(50,000)	(50,000)	
Increase (decrease) in due to other funds							50,000	25,000	(49,700)
Total Adjustments	1,091,223	3,966,416	1,524,066	2,019,216	2,811,329	803,017	681,392	12,896,659	313,683
Net cash provided by operating activities	\$ 2,589,752	\$ 5,063,747	\$ 710,594	\$ 3,641,323	\$ (830,219)	\$ (120,110)	\$ (2,604,994)	\$ 8,450,093	\$ 68,259
Noncash Investing, Capital and Financing Activities:									
Net (decrease) in fair value of investments	\$ (16,721)	\$ (16,494)	\$ (4,836)	\$ (17,621)	\$ (7,671)	\$ (35,903)	\$ (8,656)	\$ (107,902)	
Capital contributions		3,614,185	2,532,815	1,040,113			24,325	7,211,438	
Reconciliation of cash and cash equivalents:									
Current Assets:									
Cash and cash equivalents	\$ 3,285,168	\$ 2,187,720	\$ 962,075	\$ 859,536	\$ 766,245	\$ 3,810,267	\$ 1,489,426	\$ 13,360,437	
Restricted cash, cash equivalents, and investments:									
Customer deposits			1,000	14,000			1,431	16,431	
Construction account	1,327,282	398,314	1,270,430				177,033	3,173,059	
Revenue bond current debt service acct.	503,445	1,315,082	139,657	589,310			33,662	2,581,156	
Operating and capital fund					1,726,061			1,726,061	
Reserved for Landfill Closure								1,568,746	
Trust account/advance ticket sales	1,568,746				421,613			421,613	
Total Cash and Cash equivalents	\$ 6,684,641	\$ 3,901,116	\$ 2,373,162	\$ 1,462,846	\$ 2,913,919	\$ 3,810,267	\$ 1,701,552	\$ 22,847,503	

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, 2017

	Pension Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 5,764,659	\$ 134,635
Investments at fair value:		
ND State Investment Board	65,212,840	
Accounts receivable		
Taxes Receivable:		
Hotel/Motel		71,131
Property		1,715
	<u> </u>	<u> </u>
Total Assets	<u>\$ 70,977,499</u>	<u>\$ 207,481</u>
LIABILITIES		
Accounts payable	\$ 44,707	\$ 142,204
Securities Lending Collateral	320,610	
Due to other agencies		65,277
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 365,317</u>	<u>\$ 207,481</u>
NET POSITION RESTRICTED FOR PENSIONS		
Total Net Position Restricted for Pensions	<u>\$ 70,612,182</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, 2017
 With Comparative Totals for December 31, 2016

	Pension Trust Fund 2017	Pension Trust Fund 2016
Additions:		
Contributions:		
Employer contributions	\$ 3,325,061	\$ 3,590,322
Employee contributions	428,480	441,589
Total contributions	<u>3,753,541</u>	<u>4,031,911</u>
Investment Earnings:		
Net appreciation (depreciation) in fair value of assets & Interest, dividends and other income	9,767,726	4,344,791
Net investment earnings	<u>9,767,726</u>	<u>4,344,791</u>
Total additions	<u>13,521,267</u>	<u>8,376,702</u>
Deductions:		
Benefits paid to participants	5,705,484	5,509,875
Administrative Expenses	204,338	182,647
Total Deductions	<u>5,909,822</u>	<u>5,692,522</u>
Change in net position	7,611,445	2,684,180
Net position - beginning	<u>63,000,737</u>	<u>60,316,557</u>
Net position - ending	<u>\$ 70,612,182</u>	<u>\$ 63,000,737</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, 2017

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. 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. 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.

GASB Statement No. 86, Certain Debt Extinguishment Issues, provides guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. This Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. This Statement is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. 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, 2016 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, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value.

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 2017 budget, the city levied 46.84 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.

H. 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 2017 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 2017 to the City Council on August 22, 2016. 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 2016 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, 2017, expenditures exceeded appropriations in the Asset Forfeiture Fund by \$2. This over expenditure was covered by cash carryover from previous years.

C. Deficit fund equity

For the year ended December 31, 2017, 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.

Deposits - Primary Government

At December 31, 2017 the carrying amount of the City's deposits was \$51,873,652 and the bank balance was \$57,689,692. 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 \$5,764,659 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, 2017 the carrying amount of the Airport Authority's deposits was \$12,868,770 and the bank balance was \$12,858,003 all of which was covered by Federal Depository Insurance or collateral held in safekeeping in the Authority's name. The Authority maintains an investment in Principal Financial Group stock. The investment of \$79,521 consists of 1,127 shares of stock. The investment is carried at fair market value based on the trading value of the New York Stock Exchange as of December 31, 2017, a Level 1 fair value measurement.

Investments – Primary Government

As of December 31, 2017 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)	\$ 8,394,247	\$ 4,450,622	\$ 3,943,625	\$ -	\$ -	n/a	n/a
Federal Farm Credit	-	-	-	-	-	Aaa	Moody
Federal National Mortgage Assn Pool	30,277,685	1,193,784	24,162,332	4,921,569	-	Aaa	Moody
Federal Home Loan Bank	769,987	769,987	-	-	-	Aaa	Moody
Federal Home Loan Mortgage Corp	26,208,461	3,387,638	19,899,342	2,921,481	-	Aaa	Moody
Ginnie Mae	763,625	-	763,625	-	-	Aaa	Moody
Total	\$ 66,414,005	\$ 9,802,031	\$ 48,768,924	\$ 7,843,050	\$ -		

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)*	\$ 6,077,282	\$ -	\$ 6,077,282	\$ -
Federal Farm Credit	-	-	-	-
Federal National Mortgage Assn Pool	30,277,685	-	30,277,685	-
Federal Home Loan Bank	769,987	-	769,987	-
Federal Home Loan Mortgage Corp	26,208,462	-	26,208,462	-
Ginnie Mae	763,625	-	763,625	-
Total	\$ 64,097,041	\$ -	\$ 64,097,041	\$ -

*Bank CD's, totaling \$2,316,964, 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 determining 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	19,047,770	-	-
Global / international equities	18,108,686	-	-
Domestic fixed income	-	12,452,664	-
International fixed income	-	3,266,931	-
Private equity	-	2,500,183	-

Investments measured at the net asset value (NAV)

Pension investments:

Real assets NAV: \$ 9,836,606

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:

	Capital										Non Major Enterprise Funds and Other Funds	Total	
	General Fund	Debt Service Special Assessment	Project Street Infrastructure Fund	Non-Major Governmental Funds	Enterprise Fund Sanitation	Enterprise Fund Wastewater	Enterprise Fund Water	Enterprise Fund Stormwater	Enterprise Fund Alertus	Enterprise Fund JDA			
Receivables:													
Notes				\$ 2,044,605						\$ 3,771,962		\$ 5,816,567	
Taxes	\$ 549,943		\$ 254,642	210,479				\$ 556,384			\$ 92,952 *	1,664,400	
Accounts	923,624		1,447	223,606	\$ 919,791	\$ 1,065,889	\$ 937,464	\$ 681,731	514,161	258,992	302,397	5,829,102	
Capital Leases										4,240,325		4,240,325	
Special Assessments	71,404	\$46,201,431		2,319,857		14,644		162,956	201,112			48,971,404	
Intergovernmental	1,082,879		343,749	699,011			1,731,042					5,228,649	
Gross Receivables	2,627,850	46,201,431	599,838	5,497,558	919,791	1,080,533	2,668,506	844,687	1,271,657	8,271,279	1,767,317	71,750,447	
Less: Allowance for Uncollectibles					(5,972)	(7,008)	(10,921)	(1,678)		(589,399)	(884)	(615,862)	
Net Total Receivables	\$ 2,627,850	\$46,201,431	\$ 599,838	\$ 5,497,558	\$ 913,819	\$ 1,073,525	\$ 2,657,585	\$ 843,009	\$ 1,271,657	\$ 7,681,880	\$ 1,766,433	\$ 71,134,585	

* 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	\$ -	\$ 256,584	\$ 256,584
Special assessments not yet due	-	48,592,690	48,592,690
Grant draw-downs prior to meeting all eligibility requirements	2,170,870	-	2,170,870
Total unavailable/unearned revenue	\$ 2,170,870	\$ 48,849,274	\$ 51,020,144

C. Capital assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance			Balance
	1/1/2017	Additions	Deletions	12/31/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 31,834,914	\$ -	\$ (44,700)	\$ 31,790,214
Infrastructure - ROW	6,570,001	184,912	-	6,754,913
Construction in progress	1,343,446	1,136,913	(754,508)	1,725,851
Total capital assets not being depreciated	39,748,361	1,321,825	(799,208)	40,270,978
Capital assets being depreciated:				
Buildings	44,925,559	288,660	-	45,214,219
Improvements other than buildings	66,240,639	424,691	-	66,665,330
Machinery & equipment	24,741,380	1,418,751	(1,072,267)	25,087,864
Infrastructure	173,573,517	13,189,459	(9,436)	186,753,540
Total capital assets being depreciated	309,481,095	15,321,561	(1,081,703)	323,720,953
Less accumulated depreciation for:				
Buildings	13,960,975	1,025,785	-	14,986,760
Improvements other than buildings	13,172,961	1,074,784	-	14,247,745
Machinery & equipment	16,100,680	1,756,784	(944,109)	16,913,355
Infrastructure	105,208,854	3,292,319	(195)	108,500,978
Total accumulated depreciation	148,443,470	7,149,672	(944,304)	154,648,838
Capital assets net of accumulated depreciation	161,037,625			169,072,115
Total governmental activities capital assets net	\$ 200,785,986			\$ 209,343,093
				Internal Service Fund capital assets net of accumulated depreciation included in governmental activities
				\$ 5,625,565
				Total capital assets reported in the statements of net position
				\$ 214,968,658

	Balance			Balance
	1/1/2017	Additions	Deletions	12/31/2017
Business-Type activities:				
Capital assets not being depreciated:				
Land	\$ 14,853,032	\$ 749,288	\$ (31,718)	\$ 15,570,602
Construction in progress	15,045,862	32,092,157	(1,952,980)	45,185,039
Total capital assets not being depreciated	29,898,894	32,841,445	(1,984,698)	60,755,641
Capital assets being depreciated:				
Buildings	234,263,455	7,743,632	(578,045)	241,429,042
Improvements other than buildings	252,490,620	10,864,161	(25,279)	263,329,502
Machinery & equipment	42,544,909	3,543,972	(1,674,456)	44,414,425
Total capital assets being depreciated	529,298,984	22,151,765	(2,277,780)	549,172,969
Less accumulated depreciation for:				
Buildings	80,513,245	4,986,329		85,499,574
Improvements other than buildings	97,780,840	5,252,842		103,033,682
Machinery & equipment	25,488,590	2,719,479	(1,554,332)	26,653,737
Total accumulated depreciation	203,782,675	12,958,650	(1,554,332)	215,186,993
Capital assets net of accumulated depreciation	325,516,309			333,985,976
Total business type activities capital assets net	\$355,415,203			\$394,741,617

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

Governmental activities:	
General Government	\$ 1,055,445
Health & Welfare	37,632
Public Safety	1,308,501
Highways and Streets	4,729,136
Culture and Recreation	<u>18,958</u>
Total depreciation expense - governmental activities	<u>\$ 7,149,672</u>
Business-type activities:	
Sanitation	\$ 1,454,085
Wastewater	3,469,360
Water	2,656,699
Stormwater	1,361,935
Public Transit	410,134
Dial A Ride	105,945
Mosquito Control	108,096
Alerus Center	2,779,513
Job Development Authority	491,026
Downtown Parking	<u>121,857</u>
Total depreciation expense - business-type activities	<u>\$ 12,958,650</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, 2017 were approximately \$112,099,883. Of this amount, \$109,127,028, 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.

There are also outstanding encumbrances as of December 31, 2017:

Encumbrances:

General Fund	\$ 9,997
Street and Infrastructure	2,626,291
Non Major Governmental Funds	178,464
Sanitation Fund	346,322
Wastewater Fund	9,562
Water Fund	117,773
Stormwater Fund	5,446
Internal Service Funds	<u>102,991</u>
Total Encumbrances	<u>\$3,396,846</u>

Discretely presented component unit

Capital asset activity for the Grand Forks Regional Airport Authority for the year ended December 31, 2017 was as follows:

	Beginning Balance 1/01/2017	Additions	Deletions	Transfers	Ending Balance 12/31/2017
Capital assets not being depreciated:					
Land	\$ 1,746,081				1,746,081
Construction in progress	850,939	\$ 1,296,411	\$ -	\$ -	2,147,350
Total capital assets not being depreciated	<u>2,597,020</u>	<u>1,296,411</u>	<u>-</u>	<u>-</u>	<u>3,893,431</u>
Capital assets being depreciated:					
Equipment	3,470,931	-	-	-	3,470,931
Motor Vehicles	4,241,791	43,555	-	-	4,285,346
Buildings	27,154,080	-	-	-	27,154,080
Systems and Structures	69,723,432	1,422,247	-	-	71,145,679
Total capital assets being depreciated	<u>104,590,234</u>	<u>1,465,802</u>	<u>-</u>	<u>-</u>	<u>106,056,036</u>
Less accumulated depreciation for:					
Equipment	2,555,849	214,705	-	-	2,770,554
Motor Vehicles	2,945,672	217,077	-	-	3,162,749
Buildings	6,010,536	994,828	-	-	7,005,364
Systems and Structures	44,552,474	2,707,123	-	-	47,259,597
Total accumulated depreciation	<u>56,064,531</u>	<u>4,133,733</u>	<u>-</u>	<u>-</u>	<u>60,198,264</u>
Capital assets net of accumulated depreciation	<u>48,525,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,857,772</u>
Total component unit capital assets net	<u>\$ 51,122,723</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>\$ 49,751,203</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2017, is as follows:

Due to/Due from other funds:

General Fund	Non-Major Governmental	\$	95,000	(1)
General Fund	Debt Service SA Bonds Fund	\$	350,000	(1)
Non-Major Governmental	Alerus Center		825,285	(2)
Non-Major Enterprise Fund	Non-Major Enterprise Fund		50,000	(1)
Total			<u>\$ 1,320,285</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.

<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	194,899 (3)
Water	Wastewater	181,246 (2)
Total		<u>\$ 405,046</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	
	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	\$ -	\$ 233,104			\$ 1,423,628			\$ 23,939			\$	\$ 184,546	\$ 1,608,174
Special Assessment Fund		342,442	\$ 26,270										257,043
Current Year Capital Project Fund	1,144,212		\$ 883,272		1,864,766								368,712
Street and Infrastructure Fund	129,516		25,000		\$ 1,172,664	\$ 12,500	178,887	\$ 2,500	\$ 469,939		\$	49,700	3,892,250
Other Governmental Funds	6,562											183,381	2,058,206
Sanitation Fund	23,162	25,151	14,954			32,365			19,883			23,119	229,295
Wastewater Fund	23,163		317,889		6,500							34,000	216,337
Water Fund	6,562		103,631					10,732				43,000	381,552
Stormwater Fund								110,920					163,925
Job Development Authority					661,389		147,934	722,482			62,640		1,705,365
Non-Major Enterprise Funds								7,155					7,155
Internal Service Funds													
Total Transfers In	\$ 1,333,177	\$ 600,697	\$ 1,371,016	\$ -	\$ 5,122,447	\$ 44,865	\$ 333,321	\$ 287,301	\$ 489,822	\$ 62,640	\$ 517,746		

Job Development Authority

1,077,986 *

* Transfer of capital asset out of the Job Development Authority Fund to Governmental Activity

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 and 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 \$330,823 for the year ended December 31, 2017. 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>
2018	\$ 333,474
2019	363,762
2020	367,072
2021	370,448
2022	373,892
Total	<u>\$ 1,808,648</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 \$2,428,197 for the year ended December 31, 2017.

	<u>Business-type Activities</u>
Assets:	
Buildings	\$ 35,198,186
Less: Accumulated depreciation	(12,941,812)
Capital Lease Receivable	<u>4,240,325</u>
Total	<u>\$ 26,496,699</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>
2018	\$ 2,779,898
2019	2,784,835
2020	2,789,773
2021	2,736,782
2022	2,726,487
2023	2,726,487
Total	<u>\$ 16,544,262</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:

	Governmental Activities	Business- type Activities	Total
Assets:			
Machinery and equipment	\$ 437,478	\$ 1,367,413	\$ 1,804,891
Less: Accumulated depreciation	(77,694)	(644,608)	(722,302)
Total	<u>\$ 359,784</u>	<u>\$ 722,805</u>	<u>\$ 1,082,589</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

	Governmental Activities	Business-type Activities	Total
2018	\$ 51,661	\$ 236,804	\$ 288,465
2019	52,861	243,828	296,689
2020	54,090	250,993	305,083
2021	55,348	39,701	95,049
2022	172,194	-	172,194
Total Minimum Lease Payments	<u>\$ 386,154</u>	<u>\$ 771,326</u>	<u>\$ 1,157,480</u>
Less: amount representing interest	(26,370)	(48,521)	(74,891)
Present value of minimum lease payments	<u>\$ 359,784</u>	<u>\$ 722,805</u>	<u>\$ 1,082,589</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 4.0%.

General Obligation Bonds outstanding as of December 31, 2017 totaled \$5,125,000. Their original issue amount totaled \$10,680,000. The City is subject to a statutory limit by the State of North Dakota for indebtedness payable principally from property taxes. At December 31, 2017 the statutory limit for the City was \$113,110,098. The general obligation debt, net of

cash available for bond retirement was \$5,365,174 leaving a legal debt margin of \$107,990,428.

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 \$10,555,000 of Special Assessment Refunding Improvement Bonds, Series 2017A to finance various improvement projects within the City. The City pledges special assessments against benefited properties for payment of these bonds.

The special assessment bonds outstanding as of December 31, 2017 totaled \$68,212,385. Their original issue amount totaled \$108,571,522.

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, 2017 for governmental activities totaled \$4,500,000. Their original issue amount totaled \$10,690,000.

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 \$4,113,958), general obligation bonds totaling \$7,945,000 (to be paid from 5.36 mills pledged out of general property taxes, these bonds have been refinanced, original amount was \$14,480,000, current outstanding \$2,475,000), 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 \$2,855,000) as of December 31, 2017.

Notes

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, 2017 the amount outstanding is \$901,491.

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 year, the City issued \$66,000,000 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 (State Revolving Loan Fund) These funds are drawn down as needed and the outstanding balance as of 12/31/17 was \$9,969,336.

Revenue bonds outstanding as of December 31, 2017 for business-type activities totaled \$85,030,279; \$28,320,943 for revenue bonds, \$36,305,000 for sales tax bonds, and \$20,404,336 for SRF loans. Their original issue amounts totaled \$149,618,068; revenue bonds \$39,310,671, Sales tax revenue bonds \$40,380,000, and SRF loans \$69,927,397 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)		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 1,140,000	\$ 161,600	\$ 5,856,480	\$ 2,249,339	\$ 1,070,000	\$ 188,100	\$ 10,665,519
2019	1,165,000	126,100	5,542,840	2,067,089	1,130,000	144,475	10,175,504
2020	530,000	87,500	5,134,467	1,886,345	1,175,000	98,100	8,911,412
2021	545,000	74,550	5,245,800	1,718,168	1,125,000	47,650	8,756,168
2022	555,000	61,200	4,219,934	1,529,828			6,365,962
2023-2027	1,190,000	115,000	17,668,691	5,710,531			24,684,222
2028-2032			13,450,236	3,211,234			16,661,470
2033-2037			7,412,863	1,460,125			8,872,988
2038-2042			4,293,338	646,712			4,940,050
2043-2046			2,327,351	141,076			2,468,427
Total Governmental Activities	\$ 5,125,000	\$ 625,950	\$ 71,152,000	\$ 20,620,447	\$ 4,500,000	\$ 478,325	\$ 102,501,722

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) (4)		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 2,797,136	\$ 767,959	\$ 2,290,000	\$ 1,737,350	\$ 105,650	\$ 32,457	\$ 3,380,000	\$ 344,875	\$ 11,455,427
2019	2,820,304	745,616	2,395,000	1,622,850	285,931	29,919	2,185,000	848,375	10,932,995
2020	2,609,258	665,149	2,520,000	1,503,100	290,479	16,144	2,230,000	907,750	10,741,880
2021	1,803,027	597,430	2,645,000	1,377,100	219,431	2,826	1,560,000	1,011,000	9,215,814
2022	1,097,403	552,504	2,775,000	1,244,850			1,885,000	1,017,050	8,571,807
2023-2027	5,921,483	2,295,590	16,070,000	4,001,500			9,460,000	4,615,225	42,363,798
2028-2032	5,732,626	1,444,948	7,610,000	419,450			9,535,000	3,899,850	28,641,874
2033-2037	3,770,890	758,246					10,530,000	3,155,250	18,214,386
2038-2042	2,347,986	300,269					11,630,000	2,235,000	16,513,255
2043-2047	1,644,887	101,280					12,830,000	1,425,750	16,001,917
2047-2051							11,210,000	424,200	11,634,200
Total Business- type Activities	\$ 30,545,000	\$ 8,228,991	\$ 36,305,000	\$ 11,906,200	\$ 901,491	\$ 81,346	\$ 76,435,000	\$ 19,884,325	\$ 184,287,353

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, water 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 and Water State Revolving Fund Loans

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable:					
General obligation	\$ 8,235,000	\$ -	\$ 3,110,000	\$ 5,125,000	\$ 1,140,000
Unamortized Premium	270,436	-	30,262	240,174	-
Unamortized Discount	(22,306)	-	(22,306)	-	-
Special Assessment with GO commitment	60,280,808	13,771,067	5,839,490	68,212,385	5,844,840
Unamortized Premium	1,547,550	566,908	119,073	1,995,385	-
Unamortized Discount	(122,302)	-	(10,205)	(112,097)	-
Sales Tax Revenue	5,795,000	-	1,295,000	4,500,000	1,070,000
Unamortized Premium	420,667	-	90,143	330,524	-
Total bonds payable	<u>\$ 76,404,853</u>	<u>\$ 14,337,975</u>	<u>\$10,451,457</u>	<u>\$ 80,291,371</u>	<u>\$ 8,054,840</u>
Industrial Development					
Revenue Note	392,944	-	392,944	-	-
Capital leases	-	437,479	51,324	386,155	51,661
Compensated absences	5,127,993	447,251	233,231	5,342,013	390,000
Net pension liability Single Employer Plan	24,703,957	-	337,880	24,366,077	-
Net pension liability NDPERS	14,969,657	12,829,965	-	27,799,622	-
Governmental Activity					
Long-term Liabilities	<u>\$ 121,599,404</u>	<u>\$ 28,052,670</u>	<u>\$11,466,836</u>	<u>\$ 138,185,238</u>	<u>\$ 8,496,501</u>
Internal Service Fund long-term liabilities included in governmental activities				\$ 93,064	
Total long-term liabilities in the statement of net position				<u>\$ 138,278,302</u>	

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type Activities:					
Bonds payable:					
Revenue bonds	\$ 26,342,597	\$ 4,793,074	\$ 2,814,728	\$ 28,320,943	\$ 2,751,635
Unamortized Discount	(46,768)	-	(3,106)	(43,662)	-
Unamortized Premium	462,990	-	53,600	409,390	-
Sales tax revenue bonds	38,480,000	-	2,175,000	36,305,000	2,290,000
Unamortized Discount	-	-	-	-	-
Unamortized Premium	5,891,669	-	454,662	5,437,007	-
Total Bonds payable	<u>\$ 71,130,488</u>	<u>\$ 4,793,074</u>	<u>\$ 5,494,884</u>	<u>70,428,678</u>	<u>\$ 5,041,635</u>
NDBB-SRF Loan	13,720,000	9,974,336	3,290,000	20,404,336	3,380,000
Landfill closure/postclosure	3,547,052	367,470	-	3,914,522	-
Capital leases	813,556	193,138	235,368	771,326	236,805
Notes	1,179,107	-	277,616	901,491	281,441
Compensated absences	1,405,446	22,936	152,018	1,276,364	80,220
Net pension liability Single Employer Plan	7,261,706	-	97,868	7,163,838	-
Net pension liability NDPERS	4,412,036	3,735,514	-	8,147,550	-
Business-type Activity					
Long-term Liabilities	<u>\$ 103,469,391</u>	<u>\$ 19,086,468</u>	<u>\$ 9,547,754</u>	<u>\$ 113,008,105</u>	<u>\$ 9,020,101</u>
\$901,491 of debt is not attributable to capital assets					

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

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.

Component Unit

The Long-Term Debt of the Airport Authority at December 31, 2017 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 \$3,200,000

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 1,875,000

Bond Premium 16,143

Total \$5,091,143

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, 2017 for the component unit are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2017
(In Thousands of Dollars)

Year Ending December 31,	Principal	Interest	Total
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	405,000	158,785	563,785
2023-2027	2,320,000	499,573	2,819,573
2028-2029	875,000	8,500	883,500
	<u>\$ 5,075,000</u>	<u>\$ 1,453,630</u>	<u>\$ 6,528,630</u>

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, 2017, the aggregate principal amount payable of the six series issued was \$219,208,027. Their original issue amounts totaled \$348,295,835.

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, 2017, 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	\$	421,613
Customer deposits		16,431
Concert Fund		1,726,061
Construction account		3,173,059
Revenue bond current debt service account		13,854,926
Revenue bond reserve account		7,890,589
Reserve for landfill closure		1,568,746
Accounts receivable from suites and advertising		18,208
Total restricted assets	\$	28,669,633

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	\$ 28,901
Prepaid Expenses	22,742				\$ 310	23,052
Restricted for:						
Debt service		\$ 17,539,032			2,054,154	19,593,186
Construction			\$ 4,313,676			4,313,676
Community development					1,440,917	1,440,917
Emergency					495,135	495,135
Economic development					6,286,217	6,286,217
Public buildings					716,347	716,347
Public safety:						
Police and Fire Grants					71,373	71,373
Public Safety Answering Point/E911					1,300,723	1,300,723
Health and welfare:						
Health Grants					483,617	483,617
Nuisance Abatement					143,064	143,064
Library					2,080,550	2,080,550
Flood control/greenway projects					2,969,614	2,969,614
Infrastructure				\$ 15,173,238		15,173,238
City share of special improvements					35,778	35,778
City special assessments					534,634	534,634
Other purposes					13,821	13,821
Committed to:						
Special assesment deficiencies, infrastructure and pension needs	1,612,731					1,612,731
Sick leave liability	471,347					471,347
Bikeway projects					481,820	481,820
Bridges and Underpasses					1,927,760	1,927,760
Future capital purchases					2,496,860	2,496,860
Assigned to:						
Public safety - fire station	961,489					961,489
Department cash carryover	1,564,051					1,564,051
Other purposes	23,217					23,217
Unassigned	8,647,541					8,647,541
Total Fund Balance	\$ 13,332,019	\$ 17,539,032	\$ 4,313,676	\$ 15,173,238	\$ 23,532,694	\$ 73,890,659

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 \$5,075,000 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 \$1.46 million as of December 31, 2017. There is approximately \$1.57 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 2017 the estimated volume used was 134,727 cubic yards with 560,273 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 \$2.5 million reported as MSWLF closure and post-closure care liability for the new landfill at December 31, 2017 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 \$1.2 million (\$3.7 million - \$2.5 million) 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 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, 2018 membership consisted of:	
Retired employees and beneficiaries	277
Terminated Participants with deferred benefits	28
Nonvested terminated participants entitled to a refund	0
All other employees with vested employer provided benefits	99
TOTAL	404

The payroll for the employees covered by the City Employee Pension Plan for the year ended December 31, 2017 was \$6,272,995. The total payroll was \$7,189,427.

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 \$6,272,995.

City Council has authority to establish and amend contribution requirements.

Contributions made for the City Pension Plan totaled \$3,753,541 (\$3,325,061 employer, \$428,480 employee). The employer contribution was equivalent to 53.0% of annual covered payroll and the employee contributions were the equivalent of 6.8% of annual covered payroll, respectively.

E. Actuarial Methods and Assumptions.

The City's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2015-December 31, 2015.

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-2016 All Other Participants: RP-2014 Combined Healthy Mortality Table with generational mortality projections using Scale MP-2016
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	26.50%	9.22%
Global/International Equities	24.84%	9.27%
Domestic Fixed Income	17.44%	5.19%
International Fixed Income	4.57%	6.83%
Real Estate	13.82%	8.64%
Private Equity	3.42%	11.00%
Cash	1.58%	2.00%
Aetna Account	7.83%	3.44%

* Return expectations are based on the JP Morgan Long-Term Capital Market Return Assumptions 2017 Edition as of 09/30/2016.

F. Discount Rate

A single discount rate of 7.75% was used to measure the total pension liability as of January 1, 2016 and January 1, 2015. 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 3.78% (based on the 20-

year Bond Buyer GO Index as of the end of December 2016). Similarly, the municipal bond rate based on the 20-year Bond Buyer GO Index as of the end of December 2015 was 3.57%. 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, 2016	\$ 92,647,537	\$ 60,693,762	\$ 31,953,775
Service Cost	461,205		461,205
Interest	7,006,404		7,006,404
Changes in benefit terms	-		-
Changes in assumptions	(1,030,576)		(1,030,576)
Differences between expected and actual experience	1,333,162		1,333,162
Benefit Payments	(5,509,875)	(5,509,875)	-
Contributions - Employer		3,590,322	(3,590,322)
Contributions - Employee		441,589	(441,589)
Administrative expenses		(182,647)	182,647
Net investment income		4,344,791	(4,344,791)
Expected investment earnings	4,662,952		
Differences between expected and actual earnings	(318,161)		
Net Change	2,260,320.00	2,684,180.00	(423,860.00)
December 31, 2016	\$ 94,907,857	\$ 63,377,942	\$ 31,529,915

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	\$40,519,545	\$31,529,915	\$23,816,164

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position as of January 1, 2018 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, 2017, the City recognized pension expense of \$4,684,466. At December 31, 2017, 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	\$	110,078	\$	-
Changes of assumptions		-		85,093
Net difference between projected and actual earnings on pension plan investments		2,912,807		-
Employer contributions subsequent to the measurement date		<u>3,325,193</u>		<u>-</u>
Total	\$	<u>6,348,078</u>	\$	<u>85,093</u>

\$3,325,193 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, 2018. 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
2018	\$1,018,825
2019	993,972
2020	861,362
2021	63,633
2022	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.

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 \$231,289 for the plan year ended December 31, 2017. Total market value of plan assets as of December 31, 2017 was \$4,609,358.

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 and 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, 2017, the City reported a net pension liability of \$35,947,172 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017 the Employer's proportion was 2.236455 percent, which is an increase of 0.247768 percent from its proportion measured at June 30, 2016.

For the year ended 12/31/17 the Employer recognized pension expense of \$5,966,116. At 12/31/17, 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	\$ 213,668	\$ 175,141
Changes of assumptions	14,740,765	810,774
Net difference between projected and actual earnings on pension plan investments	483,460	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,137,390	16,695
Employer contributions subsequent to the measurement date	780,240	-
Total	<u>\$ 18,355,523</u>	<u>\$ 1,002,610</u>

\$780,240 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, 2018.

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:		
2018	\$	3,658,631
2019		4,321,998
2020		3,817,327
2021		3,127,068
2022		1,647,649
Thereafter		-

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases:	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36-40	7.50%
	41-49	6.00%
	50+	5.00%

*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return	7.75% . 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 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%	6.05%
International Equity	21.00%	6.70%
Private Equity	5.00%	10.20%
Domestic Fixed Income	17.00%	1.43%
International Fixed Income	5.00%	-0.45%
Global Real Assets	20.00%	5.16%
Cash Equivalents	1.00%	0.00%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The pension plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

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 6.44 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 (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Employer's proportionate share of the net pension liability	\$ 48,799,386	\$ 35,947,172	\$ 25,254,665

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. Pension Summary

The following is a summary of the pension related items for all plans of the City.

Pension Plan	Deferred Outflows of Resources- Pension	Net pension Liability	Deferred Inflows of Resources- Pension	Pension Expense
Single Employer Pension Plan	\$ 6,348,078	\$ 31,529,915	\$ 85,093	\$ 4,684,466
NDPERS Pension Plan	18,355,523	35,947,172	1,002,610	5,966,116
Total	<u>\$ 24,703,601</u>	<u>\$ 67,477,087</u>	<u>\$ 1,087,703</u>	<u>\$ 10,650,582</u>

G. Concentration

Approximately 23.0% of the City’s sewer operating revenue is derived from sewer utility charges to J.R. Simplot, a food and agri-business corporation.

H. Tax Exemptions / Abatements

As of December 31, 2017, 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 unremarried 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.

<u>Tax Exemption Program</u>	<u>Amount of Tax Exempted During the Fiscal Year</u>
New Home Builder	\$ 37,269
New Home Buyer	170,105
New/Expanding Business	79,083
Payment in Lieu of Tax	5,663
Commercial Remodel	63,738
Child Care Facilities	11,824
Residential Remodel	36,987
Renaissance Zone	8,456
Tax Increment Financing	26,777
Total City Exemptions	\$ 439,902

State of North Dakota Tax Exemptions

City property tax revenues were reduced by \$1,227,484 under agreements entered into by the State of North Dakota.

I. Subsequent Events

In February of 2018, the City authorized the issuance of \$8.3 million of Sewer Reserve Revenue Bonds, Series 2018A to finance the construction of disinfection and direct discharge improvements at the Grand Forks Wastewater 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, 2017

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

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 50,331	\$ 556,392	\$ 461,205
Interest	6,444,944	6,569,255	7,006,404
Changes of benefit Terms	-	-	-
Differences between expected and actual experience	-	344,624	1,333,162
Changes of assumptions	-	3,000,205	(1,030,576)
Benefit payments, including refunds of employee contributions	(4,709,238)	(5,080,220)	(5,509,875)
Net change in total pension liability	1,786,037	5,390,256	2,260,320
Total pension liability - beginning	85,471,244	87,257,281	92,647,537
Total pension liability - ending (a)	\$ 87,257,281	\$ 92,647,537	\$ 94,907,857
Plan fiduciary net position			
Contributions - employer	\$ 3,583,317	\$ 3,590,325	\$ 3,590,322
Contributions - employee	497,997	486,834	441,589
Net Investment Income	3,814,150	699,438	4,344,791
Benefit payments, including refunds of employee contributions	(4,709,238)	(5,080,220)	(5,509,875)
Administrative expenses	(286,387)	(237,060)	(182,647)
Other	-	-	-
Net change in plan fiduciary net position	2,899,839	(540,683)	2,684,180
Plan fiduciary net position - beginning	58,322,718	61,222,557	60,693,762
Plan fiduciary net position - ending (b)	\$ 61,222,557	\$ 60,681,874	\$ 63,377,942
City's net pension liability - ending (a)-(b)	\$ 26,034,724	\$ 31,965,663	\$ 31,529,915
Plan fiduciary net position as a percentage of the total liability	70%	65%	67%
Covered-employee payroll	\$ 7,953,162	\$ 7,540,235	\$ 6,613,621
City's net pension liability as a percentage of covered-employee payroll	327%	424%	477%
Notes to Schedule: Complete data is not available prior to 2015			

Schedule of Employer Contribution
Last 10 Fiscal Years*

	12/31/2015	12/31/2016	12/31/2017
Actuarially Determined Contribution	\$ 3,520,138	\$ 3,457,816	\$ 3,325,061
Contributions in relation to the actuarially determined contribution	\$ (3,590,325)	\$ (3,590,322)	\$ (3,325,061)
Contribution deficiency (excesses)	\$ (70,187)	\$ (132,506)	\$ -
Employer's covered-employee payroll	\$ 7,540,235	\$ 6,613,621	\$ 6,272,995
Contributions as a percentage of covered-employee payroll	47.6%	54.3%	53.0%

Notes to Schedule:

Valuation date: December 31, 2016
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: 17 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-2016
All Other Participants: RP-2014 Combined Healthy Mortality Table with generational mortality projections using Scale MP-2016

*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, 2017

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	As of a measurement date of 06/30/2017
Employer's proportion of the net pension liability (asset)	1.837291%	1.988687%	2.236455%
Employer's proportionate share of the net pension liability (asset)	\$ 12,892,267	\$ 19,381,693	\$ 35,947,172
Employer's covered-employee payroll	\$ 16,890,785	\$ 20,041,274	\$ 22,830,700
Employer's share of net pension liability (asset) as a percentage of its covered-employee payroll	76%	97%	157%
Plan fiduciary net position as a percentage of the total pension liability	77%	70%	62%

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	12/31/2017
Statutorily required contribution	\$ 1,586,546	\$ 1,494,529	\$ 1,588,376
Contributions in relation to the required contribution	\$ (1,586,546)	\$ (1,494,529)	\$ (1,588,376)
Contribution deficiency (excesses)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 18,644,665	\$ 20,281,722	\$ 22,213,275
Contributions as a percentage of covered-employee payroll	8.51%	7.38%	7.15%

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 2017 reflect actuarial assumption changes effective July 1, 2017 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.



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

A-1

DECEMBER 31, 2017

	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	\$ 8,487,399	\$ 1,059,936	\$ 3,027,387	\$ 12,574,722
Investments	4,000,000	1,000,000	5,000,000	10,000,000
Receivables, net:				
Accounts	222,500	1,106		223,606
Special assessments (including liens)		3,179	17,822	21,001
Special assessments-uncertified			2,298,856	2,298,856
Property taxes	59,028	18,508		77,536
Sales tax	132,943			132,943
Notes	2,044,605			2,044,605
Intergovernmental	699,011			699,011
Prepaid Items	310			310
Due from other funds	825,285			825,285
Total assets	<u>\$ 16,471,081</u>	<u>\$ 2,082,729</u>	<u>\$ 10,344,065</u>	<u>\$ 28,897,875</u>
LIABILITIES				
Accounts payable	\$ 486,311	\$ -	\$ 23,427	\$ 509,738
Due to other funds	95,000			95,000
Advances from other funds	194,899	9,901		204,800
Unearned income	2,170,870			2,170,870
Total liabilities	<u>2,947,080</u>	<u>9,901</u>	<u>23,427</u>	<u>2,980,408</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	49,421	15,495		64,916
Unavailable revenue-special assessments		3,179	2,316,678	2,319,857
Total deferred inflows of resources	<u>49,421</u>	<u>18,674</u>	<u>2,316,678</u>	<u>2,384,773</u>
FUND BALANCES				
Nonspendable	310			310
Restricted	13,474,270	2,054,154	3,097,520	18,625,944
Committed			4,906,440	4,906,440
Total Fund Balances	<u>13,474,580</u>	<u>2,054,154</u>	<u>8,003,960</u>	<u>23,532,694</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 16,471,081</u>	<u>\$ 2,082,729</u>	<u>\$ 10,344,065</u>	<u>\$ 28,897,875</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, 2017

	Non-Major Special Revenue	Non-Major Debt Service	Non-Major Capital Projects	Total Non-major Governmental Funds
Revenues:				
Taxes:				
Property	\$ 3,441,808	\$ 1,080,342	\$	\$ 4,522,150
Sales	2,041,346			2,041,346
Intergovernmental	3,961,239	27,759		3,988,998
Charges for services	1,954,250			1,954,250
Special assessments		21,884	335,549	357,433
Fines and forfeits	15,240			15,240
Interest	74,392	44,297	56,867	175,556
Miscellaneous	713,430			713,430
	<u>12,201,705</u>	<u>1,174,282</u>	<u>392,416</u>	<u>13,768,403</u>
Total Revenues				
Expenditures:				
Current:				
General government	2,775,147	68,120		2,843,267
Health & welfare	1,398,427			1,398,427
Public safety	2,796,030			2,796,030
Culture & recreation	2,331,928			2,331,928
Capital outlay	821,785		728,192	1,549,977
Debt service:				
Principal retirement		4,797,944		4,797,944
Interest and fiscal charges	6,617	539,628		546,245
	<u>10,129,934</u>	<u>5,405,692</u>	<u>728,192</u>	<u>16,263,818</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	2,071,771	(4,231,410)	(335,776)	(2,495,415)
Other Financing Sources (Uses):				
Issuance of Capital Lease			437,479	437,479
Sale of capital assets	70,130			70,130
Transfers in	1,935,414	2,586,409	600,624	5,122,447
Transfers out	(1,694,306)	(363,900)		(2,058,206)
Total Other Financing Sources (Uses)	<u>311,238</u>	<u>2,222,509</u>	<u>1,038,103</u>	<u>3,571,850</u>
Net change in fund balances	2,383,009	(2,008,901)	702,327	1,076,435
Fund balance Beginning	<u>11,091,571</u>	<u>4,063,055</u>	<u>7,301,633</u>	<u>22,456,259</u>
Fund Balances Ending	<u>\$ 13,474,580</u>	<u>\$ 2,054,154</u>	<u>\$ 8,003,960</u>	<u>\$ 23,532,694</u>

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 Enhancement

This fund is used to account for the receipt and disbursement of grant proceeds received for the purpose of enhancing our community.

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

B-1

DECEMBER 31, 2017
 With Comparative Totals for December 31, 2016

	Emergency Levy	Municipal Band	Public Building Fund	Library
ASSETS				
Cash and cash equivalents	\$ 494,853	\$ 4,734	\$ 714,458	\$ 1,017,983
Investments				
Receivables (Net of allowances for uncollectibles):				
Accounts				
Notes				
Taxes:				
Property	1,732	287	11,609	31,400
Sales				
Intergovernmental:				
State of North Dakota				10,000
Federal				
Grand Forks County				134,623
Prepaid Items				
Due from other funds				
 Total Assets	 <u>\$ 496,585</u>	 <u>\$ 5,021</u>	 <u>\$ 726,067</u>	 <u>\$ 1,194,006</u>
LIABILITIES				
Accounts payable				\$ 1,561
Contracts payable and retainage				
Due to other funds				
Advances from other funds				
Unearned Income				
 Total Liabilities				 <u>1,561</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 1,450	\$ 239	9,720	26,289
 Total Deferred Inflows of Resources	 <u>1,450</u>	 <u>239</u>	 <u>9,720</u>	 <u>26,289</u>
FUND BALANCES				
Non spendable fund balance				
Restricted fund balance	495,135	4,782	716,347	1,166,156
 Total Fund Balances	 <u>495,135</u>	 <u>4,782</u>	 <u>716,347</u>	 <u>1,166,156</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 496,585</u>	 <u>\$ 5,021</u>	 <u>\$ 726,067</u>	 <u>\$ 1,194,006</u>

Continued

<u>Library Capital Mtce.</u>	<u>Special Grants Fire</u>	<u>Special Grants Police</u>	<u>Special Grants Health</u>	<u>Special Grants</u>	<u>Asset Forfeiture</u>	<u>City's Share Of Special Improvements</u>
\$ 915,474	\$ 5,134	\$ 3,744	\$ 354,984	\$ 6,561	\$ 34,671	\$ 35,778
			10,026			
	4,924	42,661 53,162	120,569	25,443 10,432		
<u>\$ 915,474</u>	<u>\$ 10,058</u>	<u>\$ 99,567</u>	<u>\$ 485,579</u>	<u>\$ 42,436</u>	<u>\$ 34,671</u>	<u>\$ 35,778</u>
\$ 1,080		\$ 2,923	\$ 1,962	\$ 16,260		
	\$ 10,000	60,000		25,000		
<u>1,080</u>	<u>10,000</u>	<u>62,923</u>	<u>1,962</u>	<u>41,260</u>		
						\$ -
\$ 914,394	58	36,644	483,617	1,176	\$ 34,671	35,778
<u>914,394</u>	<u>58</u>	<u>36,644</u>	<u>483,617</u>	<u>1,176</u>	<u>34,671</u>	<u>35,778</u>
<u>\$ 915,474</u>	<u>\$ 10,058</u>	<u>\$ 99,567</u>	<u>\$ 485,579</u>	<u>\$ 42,436</u>	<u>\$ 34,671</u>	<u>\$ 35,778</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, 2017

	City Special Assessment Fund	Insurance Reserve Fund	Noxious Weed Control	E-911 System
ASSETS				
Cash and cash equivalents	\$ 533,213	\$ 6,700	\$ 13,146	\$ 976,621
Investments				
Receivables (Net of allowances for uncollectibles):				
Accounts				139,932
Notes				
Taxes:				
Property	8,693	5,232	75	
Sales				
Intergovernmental:				
State of North Dakota			2,000	
Federal				
Grand Forks County				
Prepaid Items				
Due from other funds				
	<u>541,906</u>	<u>11,932</u>	<u>15,221</u>	<u>1,116,553</u>
Total Assets	\$ 541,906	\$ 11,932	\$ 15,221	\$ 1,116,553
LIABILITIES AND FUND BALANCES				
Accounts payable				\$ 110,066
Contracts payable and retainage				
Due to other funds		\$ -		
Advances from other funds				194,899
Unearned Income				
				<u>304,965</u>
Total Liabilities				304,965
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 7,272	4,388	\$ 63	
	<u>7,272</u>	<u>4,388</u>	<u>63</u>	
Total Deferred Inflows of Resources	7,272	4,388	63	
Fund Balances:				
Non spendable fund balance				
Restricted fund balance	534,634	7,544	15,158	811,588
	<u>534,634</u>	<u>7,544</u>	<u>15,158</u>	<u>811,588</u>
Total Fund Balances	534,634	7,544	15,158	811,588
Total liabilities, deferred inflows of resources and fund balance	\$ 541,906	\$ 11,932	\$ 15,221	\$ 1,116,553

Continued

Economic Development Sales Tax	Public Service Answering Point	Community Enhancement	Community Development	2017 Total	2016 Total
\$ 1,351,820 4,000,000	\$ 419,231	\$ 319	\$ 1,597,975	\$ 8,487,399 4,000,000	\$ 5,610,850 4,500,000
2,638	69,904		2,044,605	222,500 2,044,605	90,160 2,051,540
132,943				59,028 132,943	46,092 159,465
825,285			295,197 310	200,673 363,715 134,623 310 825,285	109,132 418,030 92,438 899,985
<u>\$ 6,312,686</u>	<u>\$ 489,135</u>	<u>\$ 319</u>	<u>\$ 3,938,087</u>	<u>\$ 16,471,081</u>	<u>\$ 13,977,692</u>
\$ 26,469	\$ -		\$ 325,990	\$ 486,311	\$ 371,708
				95,000 194,899 2,170,870	90,000 228,253 2,158,124
<u>26,469</u>			<u>2,496,860</u>	<u>2,947,080</u>	<u>2,848,085</u>
				49,421	38,036
				49,421	38,036
6,286,217	489,135	\$ 319	310 1,440,917	310 13,474,270	11,091,571
<u>6,286,217</u>	<u>489,135</u>	<u>319</u>	<u>1,441,227</u>	<u>13,474,580</u>	<u>11,091,571</u>
<u>\$ 6,312,686</u>	<u>\$ 489,135</u>	<u>\$ 319</u>	<u>\$ 3,938,087</u>	<u>\$ 16,471,081</u>	<u>\$ 13,977,692</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, 2017
 With Comparative Totals for December 31, 2016

	Emergency Levy	Municipal Band	Public Building Fund	Library
REVENUES				
Taxes:				
Property	\$ 101,140	\$ 16,674	\$ 678,239	\$ 1,832,932
Sales				
Intergovernmental	2,603	438	46,293	920,974
Charges for services				47,440
Fines and forfeits				
Interest	2,821	40	7,726	12,936
Miscellaneous			1,306	574
	<u>106,564</u>	<u>17,152</u>	<u>733,564</u>	<u>2,814,856</u>
EXPENDITURES				
Current:				
General government			68,212	
Health & welfare				
Public safety				
Culture & recreation		16,661		2,267,689
Capital outlay	2,610		143,203	228,572
Debt service:				
Interest and fiscal charges				
	<u>2,610</u>	<u>16,661</u>	<u>211,415</u>	<u>2,496,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>103,954</u>	<u>491</u>	<u>522,149</u>	<u>318,595</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				
Transfers in				
Transfers out	(52,515)		(437,243)	(200,000)
Total Other Financing Sources (Uses)	<u>(52,515)</u>		<u>(437,243)</u>	<u>(200,000)</u>
Net change in fund balances	51,439	491	84,906	118,595
Fund Balances - Beginning	443,696	4,291	631,441	1,047,561
Fund Balances Ending	<u>\$ 495,135</u>	<u>\$ 4,782</u>	<u>\$ 716,347</u>	<u>\$ 1,166,156</u>

Continued

Library Capital Maintenance	Special Grants Fire	Special Grants Police	Special Grants Health	Special Grants Other
\$ -	\$ -	\$ -	\$ -	\$ -
	96,356	696,598	1,259,859 179,000	148,149
2,221				(267)
<u>676,927</u>			<u>8,016</u>	<u>22,520</u>
<u>679,148</u>	<u>96,356</u>	<u>696,598</u>	<u>1,446,875</u>	<u>170,402</u>
	90,947	571,355	1,393,285	122,706 47,578
198,830	5,409	124,205	4,417	
<u>198,830</u>	<u>96,356</u>	<u>695,560</u>	<u>1,397,702</u>	<u>170,284</u>
<u>480,318</u>		<u>1,038</u>	<u>49,173</u>	<u>118</u>
200,000		131 (4,501)		
<u>200,000</u>		<u>(4,370)</u>		
680,318		(3,332)	49,173	118
234,076	58	39,976	434,444	1,058
<u>\$ 914,394</u>	<u>\$ 58</u>	<u>\$ 36,644</u>	<u>\$ 483,617</u>	<u>\$ 1,176</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, 2017
 With Comparative Totals for December 31, 2016

	Asset Forfeiture	City's Share Of Special Improvements	City Special Assessment Fund	Insurance Reserve Fund
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ 502,054	\$ 306,699
Sales				
Intergovernmental			12,926	6,403
Charges for services			16,101	
Fines and forfeits	15,240			
Interest	515	215	2,424	(803)
Miscellaneous				
Total Revenues	15,755	215	533,505	312,299
EXPENDITURES				
Current:				
General government			349,524	354,215
Health & welfare				
Public safety	6,425			
Culture & recreation				
Capital outlay	19,368			
Debt service:				
Interest and fiscal charges				
Total Expenditures	25,793		349,524	354,215
Excess (Deficiency) of Revenues Over Expenditures	(10,038)	215	183,981	(41,916)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				
Transfers in				48,000
Transfers out			(25,000)	
Total Other Financing Sources (Uses)			(25,000)	48,000
Net change in fund balances	(10,038)	215	158,981	6,084
Fund Balances - Beginning	44,709	35,563	375,653	1,460
Fund Balances Ending	\$ 34,671	\$ 35,778	\$ 534,634	\$ 7,544

Continued

B-2 (cont'd)

<u>Noxious Weed Control</u>	<u>E-911 System</u>	<u>Economic Development Sales Tax</u>	<u>Public Service Answering Point</u>	<u>Community Enhancement</u>
\$ 4,070	\$ -	\$ -	\$ -	\$ -
2,099	1,266,517	2,041,346	424,892	
91	2,451	20,300	1,784	3
	22	26,937	1,194	
<u>6,260</u>	<u>1,268,990</u>	<u>2,088,583</u>	<u>427,870</u>	<u>3</u>
5,142	562,508	608,205	1,442,089	
	75,539		313	
	6,617			
<u>5,142</u>	<u>644,664</u>	<u>608,205</u>	<u>1,442,402</u>	
<u>1,118</u>	<u>624,326</u>	<u>1,480,378</u>	<u>(1,014,532)</u>	<u>3</u>
	(209,103)	(765,944)	1,173,976	
	(209,103)	(765,944)	1,173,976	
1,118	415,223	714,434	159,444	3
14,040	396,365	5,571,783	329,691	316
<u>\$ 15,158</u>	<u>\$ 811,588</u>	<u>\$ 6,286,217</u>	<u>\$ 489,135</u>	<u>\$ 319</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, 2017
 With Comparative Totals for December 31, 2016

	Community Development	2017 Total	2016 Total
REVENUES			
Taxes:			
Property	\$ -	\$ 3,441,808	\$ 3,175,038
Sales		2,041,346	2,143,371
Intergovernmental	768,541	3,961,239	3,544,383
Charges for services		1,954,250	1,339,708
Fines and forfeits		15,240	36,260
Interest	15,298	74,392	99,371
Miscellaneous	2,871	713,430	59,899
Total Revenues	786,710	12,201,705	10,398,030
EXPENDITURES			
Current:			
General government	1,394,991	2,775,147	3,649,530
Health & welfare		1,398,427	1,049,333
Public safety		2,796,030	2,880,671
Culture & recreation		2,331,928	2,327,625
Capital outlay	19,319	821,785	1,688,288
Debt service:			
Interest and fiscal charges		6,617	7,602
Total Expenditures	1,414,310	10,129,934	11,603,049
Excess (Deficiency) of Revenues Over Expenditures	(627,600)	2,071,771	(1,205,019)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	70,130	70,130	45,047
Transfers in	513,307	1,935,414	2,439,882
Transfers out		(1,694,306)	(1,298,757)
Total Other Financing Sources (Uses)	583,437	311,238	1,186,172
Net change in fund balances	(44,163)	2,383,009	(18,847)
Fund Balances - Beginning	1,485,390	11,091,571	11,110,418
Fund Balances - Ending	\$ 1,441,227	\$ 13,474,580	\$ 11,091,571



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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, 2017
 With Comparative Actual Totals for December 31, 2016

	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	\$ 105,030	\$ 101,140	\$ (3,890)	\$ 16,757	\$ 16,674	\$ (83)
Sales						
Intergovernmental	3,150	2,603	(547)	305	438	133
Charges for services						
Fines and forfeits						
Interest	3,891	2,821	(1,070)	35	40	5
Miscellaneous						
Total Revenues	<u>112,071</u>	<u>106,564</u>	<u>(5,507)</u>	<u>17,097</u>	<u>17,152</u>	<u>55</u>
Expenditures:						
Current:						
General government						
Health & welfare						
Public safety	56,946		56,946			
Culture & recreation				16,969	16,661	308
Capital outlay	2,610	2,610				
Debt service:						
Interest and fiscal charges						
Total Expenditures	<u>59,556</u>	<u>2,610</u>	<u>56,946</u>	<u>16,969</u>	<u>16,661</u>	<u>308</u>
Excess (Deficiency) of						
Revenues Over Expenditures	<u>52,515</u>	<u>103,954</u>	<u>51,439</u>	<u>128</u>	<u>491</u>	<u>363</u>
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in						
Transfers out	<u>(52,515)</u>	<u>(52,515)</u>				
Total Other Financing Sources (Uses)	<u>(52,515)</u>	<u>(52,515)</u>				
Net change in fund balances		51,439	51,439	128	491	363
Fund Balances - Beginning	<u>443,696</u>	<u>443,696</u>		<u>4,291</u>	<u>4,291</u>	
Fund Balances - Ending	<u>\$ 443,696</u>	<u>\$ 495,135</u>	<u>\$ 51,439</u>	<u>\$ 4,419</u>	<u>\$ 4,782</u>	<u>\$ 363</u>

Continued

B-3 (Cont'd)

Public Building Fund			Library		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 670,733	\$ 678,239	\$ 7,506	\$ 1,909,436	\$ 1,832,932	\$ (76,504)
11,226	46,293	35,067	815,854	920,974	105,120
			42,500	47,440	4,940
3,466	7,726	4,260	10,000	12,936	2,936
	1,306	1,306	4,000	574	(3,426)
<u>685,425</u>	<u>733,564</u>	<u>48,139</u>	<u>2,781,790</u>	<u>2,814,856</u>	<u>33,066</u>
68,212	68,212				
			2,507,790	2,267,689	240,101
305,544	143,203	162,341	274,000	228,572	45,428
<u>373,756</u>	<u>211,415</u>	<u>162,341</u>	<u>2,781,790</u>	<u>2,496,261</u>	<u>285,529</u>
311,669	522,149	210,480		318,595	318,595
437,243		(437,243)			
(441,802)	(437,243)	4,559	(200,000)	(200,000)	
(4,559)	(437,243)	(432,684)	(200,000)	(200,000)	
307,110	84,906	(222,204)	(200,000)	118,595	318,595
631,441	631,441		1,047,561	1,047,561	
<u>\$ 938,551</u>	<u>\$ 716,347</u>	<u>\$ (222,204)</u>	<u>\$ 847,561</u>	<u>\$ 1,166,156</u>	<u>\$ 318,595</u>

CITY OF GRAND FORKS, NORTH DAKOTA B-3 (Cont'd)
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 2017
 With Comparative Actual Totals for December 31, 2016

	Library Capital Maintenance			Special Grants - Fire		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental				236,107	96,356	(139,751)
Charges for services						
Fines and forfeits						
Interest	1,000	2,221	1,221			
Miscellaneous		676,927	676,927			
Total Revenues	1,000	679,148	678,148	236,107	96,356	(139,751)
Expenditures:						
Current:						
General government						
Health & welfare						
Public safety				230,698	90,947	139,751
Culture & recreation						
Capital outlay	300,000	198,830	101,170	5,409	5,409	
Debt service:						
Interest and fiscal charges						
Total Expenditures	300,000	198,830	101,170	236,107	96,356	139,751
Excess (Deficiency) of Revenues Over Expenditures	(299,000)	480,318	779,318			
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in	200,000	200,000				
Transfers out						
Total Other Financing Sources (Uses)	200,000	200,000				
Net change in fund balances	(99,000)	680,318	779,318			
Fund Balances - Beginning	234,076	234,076		58	58	
Fund Balances Ending	\$ 135,076	\$ 914,394	\$ 779,318	\$ 58	\$ 58	\$ -

Continued

Special Grants-Police			Special Grants-Health		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
804,103	696,598	(107,505)	1,277,384	1,259,859	(17,525)
			178,527	179,000	473
			11,316	8,016	(3,300)
<u>804,103</u>	<u>696,598</u>	<u>(107,505)</u>	<u>1,467,227</u>	<u>1,446,875</u>	<u>(20,352)</u>
676,087	571,355	104,732	1,560,680	1,393,285	167,395
124,206	124,205	1	4,418	4,417	1
<u>800,293</u>	<u>695,560</u>	<u>104,733</u>	<u>1,565,098</u>	<u>1,397,702</u>	<u>167,396</u>
<u>3,810</u>	<u>1,038</u>	<u>(2,772)</u>	<u>(97,871)</u>	<u>49,173</u>	<u>147,044</u>
131	131				
<u>(4,501)</u>	<u>(4,501)</u>				
<u>(4,370)</u>	<u>(4,370)</u>				
<u>(560)</u>	<u>(3,332)</u>	<u>(2,772)</u>	<u>(97,871)</u>	<u>49,173</u>	<u>147,044</u>
<u>39,976</u>	<u>39,976</u>		<u>434,444</u>	<u>434,444</u>	
<u>\$ 39,416</u>	<u>\$ 36,644</u>	<u>\$ (2,772)</u>	<u>\$ 336,573</u>	<u>\$ 483,617</u>	<u>\$ 147,044</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 B-3 (Cont'd)
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 2017
 With Comparative Actual Totals for December 31, 2016

	Special Grants-Other			Asset Forfeiture		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	434,224	148,149	(286,075)			
Charges for services						
Fines and forfeits				15,239	15,240	1
Interest		(267)	(267)		515	515
Miscellaneous	22,520	22,520				
Total Revenues	456,744	170,402	(286,342)	15,239	15,755	516
Expenditures:						
Current:						
General government						
Health & welfare						
Public safety	393,929	122,706	271,223	6,425	6,425	
Culture & recreation	62,615	47,578	15,037			
Capital outlay	200		200	19,366	19,368	(2)
Debt service:						
Interest and fiscal charges						
Total Expenditures	456,744	170,284	286,460	25,791	25,793	(2)
Excess (Deficiency) of Revenues Over Expenditures		118	118	(10,552)	(10,038)	514
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net change in fund balances		118	118	(10,552)	(10,038)	514
Fund Balances - Beginning	1,058	1,058		44,709	44,709	
Fund Balances Ending	\$ 1,058	\$ 1,176	\$ 118	\$ 34,157	\$ 34,671	\$ 514

Continued

<u>City's Share of Special Improvements</u>			<u>City Special Assessment Fund</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>
\$ -	\$ -	\$ -	\$ 523,047	\$ 502,054	\$ (20,993)
			8,000	12,926	4,926
				16,101	16,101
	215	215	2,600	2,424	(176)
	<u>215</u>	<u>215</u>	<u>533,647</u>	<u>533,505</u>	<u>(142)</u>
			491,848	349,524	142,324
			<u>491,848</u>	<u>349,524</u>	<u>142,324</u>
	215	215	41,799	183,981	142,182
			(25,000)	(25,000)	
			(25,000)	(25,000)	
	215	215	16,799	158,981	142,182
35,563	35,563		375,653	375,653	
<u>\$ 35,563</u>	<u>\$ 35,778</u>	<u>\$ 215</u>	<u>\$ 392,452</u>	<u>\$ 534,634</u>	<u>\$ 142,182</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 B-3 (Cont'd)
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 2017
 With Comparative Actual Totals for December 31, 2016

	Insurance Reserve Fund			Noxious Weed Control		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes:						
Property Sales	\$ 324,840	\$ 306,699	\$ (18,141)	\$ 4,195	\$ 4,070	\$ (125)
Intergovernmental	5,660	6,403	743	2,000	2,099	99
Charges for services						
Fines and forfeits						
Interest		(803)	(803)		91	91
Miscellaneous						
Total Revenues	<u>330,500</u>	<u>312,299</u>	<u>(18,201)</u>	<u>6,195</u>	<u>6,260</u>	<u>65</u>
Expenditures:						
Current:						
General government	378,500	354,215	24,285			
Health & welfare				6,195	5,142	1,053
Public safety						
Culture & recreation						
Capital outlay						
Debt service:						
Interest and fiscal charges						
Total Expenditures	<u>378,500</u>	<u>354,215</u>	<u>24,285</u>	<u>6,195</u>	<u>5,142</u>	<u>1,053</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(48,000)</u>	<u>(41,916)</u>	<u>6,084</u>		<u>1,118</u>	<u>1,118</u>
Other Financing Sources (Uses):						
Sale of Capital Assets						
Transfers in	48,000	48,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>48,000</u>	<u>48,000</u>				
Net change in fund balances		6,084	6,084		1,118	1,118
Fund Balances - Beginning	<u>1,460</u>	<u>1,460</u>		<u>14,040</u>	<u>14,040</u>	
Fund Balances Ending	<u>\$ 1,460</u>	<u>\$ 7,544</u>	<u>\$ 6,084</u>	<u>\$ 14,040</u>	<u>\$ 15,158</u>	<u>\$ 1,118</u>

Continued

E-911 System			Economic Development Sales Tax		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
219,450		(219,450)	2,148,220	2,041,346	(106,874)
1,051,740	1,266,517	214,777	20,000	20,300	300
3,595	2,451	(1,144)	36,330	26,937	(9,393)
	22	22			
<u>1,274,785</u>	<u>1,268,990</u>	<u>(5,795)</u>	<u>2,204,550</u>	<u>2,088,583</u>	<u>(115,967)</u>
			1,146,198	608,205	537,993
633,631	562,508	71,123			
184,232	75,539	108,693			
6,625	6,617	(8)			
<u>824,488</u>	<u>644,664</u>	<u>179,808</u>	<u>1,146,198</u>	<u>608,205</u>	<u>537,993</u>
450,297	624,326	174,013	1,058,352	1,480,378	422,026
1,000		(1,000)			
<u>(242,457)</u>	<u>(209,103)</u>	<u>33,354</u>	<u>(2,003,797)</u>	<u>(765,944)</u>	<u>1,237,853</u>
<u>(241,457)</u>	<u>(209,103)</u>	<u>32,354</u>	<u>(2,003,797)</u>	<u>(765,944)</u>	<u>1,237,853</u>
208,840	415,223	206,367	(945,445)	714,434	1,659,879
396,365	396,365		5,571,783	5,571,783	
<u>\$ 605,205</u>	<u>\$ 811,588</u>	<u>\$ 206,367</u>	<u>\$ 4,626,338</u>	<u>\$ 6,286,217</u>	<u>\$ 1,659,879</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, 2017
 With Comparative Actual Totals for December 31, 2016

	Public Service Answering Point		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes:			
Property	\$ -	\$ -	\$ -
Sales			
Intergovernmental			
Charges for services	420,492	424,892	4,400
Fines and forfeits			
Interest	2,084	1,784	(300)
Miscellaneous	1,000	1,194	194
Total Revenues	423,576	427,870	4,294
Expenditures:			
Current:			
General government			
Health & welfare			
Public safety	1,592,704	1,442,089	150,615
Culture & recreation			
Capital outlay	3,000	313	2,687
Debt service:			
Interest and fiscal charges			
Total Expenditures	1,595,704	1,442,402	153,302
Excess (Deficiency) of Revenues Over Expenditures	(1,172,128)	(1,014,532)	157,596
Other Financing Sources (Uses):			
Sale of Capital Assets			
Transfers in	1,173,976	1,173,976	
Transfers out	(1,000)		1,000
Total Other Financing Sources (Uses)	1,172,976	1,173,976	1,000
Net change in fund balances	848	159,444	158,596
Fund Balances - Beginning	329,691	329,691	
Fund Balances Ending	\$ 330,539	\$ 489,135	\$ 158,596

Continued

Community Enhancement			Community Development		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			794,242	768,541	(25,701)
	3	3	7,500	15,298	7,798
			6,500	2,871	(3,629)
	3	3	808,242	786,710	(21,532)
			1,803,560	1,394,991	408,569
			19,600	19,319	281
			1,823,160	1,414,310	408,850
	3	3	(1,014,918)	(627,600)	387,318
			513,307	70,130	70,130
			513,307	513,307	
			513,307	583,437	70,130
	3	3	(501,611)	(44,163)	457,448
316	316		1,485,390	1,485,390	
\$ 316	\$ 319	\$ 3	\$ 983,779	\$1,441,227	\$ 457,448

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, 2017
 With Comparative Actual Totals for December 31, 2016

	2017 Total		Variance with Final Budget Positive (Negative)	2016 Actual
	Final Budget	Actual		Total
Revenues:				
Taxes:				
Property	\$ 3,554,038	\$ 3,441,808	\$ (112,230)	\$ 3,175,038
Sales	2,148,220	2,041,346	(106,874)	2,143,371
Intergovernmental	4,611,705	3,961,239	(650,466)	3,544,383
Charges for services	1,713,259	1,954,250	240,991	1,339,708
Fines forfeits	15,239	15,240	1	36,260
Interest	70,501	74,392	3,891	99,371
Miscellaneous	45,336	713,430	668,094	59,899
Total Revenues	<u>12,158,298</u>	<u>12,201,705</u>	<u>43,407</u>	<u>10,398,030</u>
Expenditures:				
Current:				
General government	3,888,318	2,775,147	1,113,171	3,649,530
Health & welfare	1,566,875	1,398,427	168,448	1,049,333
Public safety	3,590,420	2,796,030	794,390	2,880,671
Culture & recreation	2,587,374	2,331,928	255,446	2,327,625
Capital outlay	1,242,585	821,785	420,800	1,688,288
Debt service:				
Interest and fiscal charges	6,625	6,617	(8)	7,602
Total Expenditures	<u>12,882,197</u>	<u>10,129,934</u>	<u>2,752,247</u>	<u>11,603,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(723,899)</u>	<u>2,071,771</u>	<u>2,795,654</u>	<u>(1,205,019)</u>
Other Financing Sources (Uses):				
Sale of Capital Assets		70,130	70,130	45,047
Transfers in	2,373,657	1,935,414	(438,243)	2,439,882
Transfers out	<u>(2,971,072)</u>	<u>(1,694,306)</u>	<u>1,276,766</u>	<u>(1,298,757)</u>
Total Other Financing Sources (Uses)	<u>(597,415)</u>	<u>311,238</u>	<u>908,653</u>	<u>1,186,172</u>
Net change in fund balances	(1,321,314)	2,383,009	3,704,307	(18,847)
Fund Balances - Beginning	<u>11,091,571</u>	<u>11,091,571</u>	<u>-</u>	<u>11,110,418</u>
Fund Balances Ending	<u>\$ 9,770,257</u>	<u>\$ 13,474,580</u>	<u>\$ 3,704,307</u>	<u>\$ 11,091,571</u>

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, 2017

With Comparative Totals for December 31, 2016

	General Obligation Bonds	Sales Tax Revenue Bonds	Current Year Projects	2017 Total	2016 Total
ASSETS					
Cash and cash equivalents	\$ 274,180	\$ 485,006	\$ 300,750	\$ 1,059,936	\$ 596,612
Investments		1,000,000		1,000,000	3,473,052
Accounts Receivable	1,106			1,106	1,105
Taxes receivable:					
Property	18,508			18,508	14,464
Special assessments			3,179	3,179	3,008
Total Assets	<u>\$ 293,794</u>	<u>\$ 1,485,006</u>	<u>\$ 303,929</u>	<u>\$ 2,082,729</u>	<u>\$ 4,088,241</u>
LIABILITIES					
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	15,495			15,495	12,277
Unavailable revenue-special assessments			\$ 3,179	3,179	3,008
Total Deferred Inflows of Resources	<u>15,495</u>		<u>3,179</u>	<u>18,674</u>	<u>15,285</u>
FUND BALANCES					
Restricted	268,398	\$ 1,485,006	300,750	2,054,154	4,063,055
Total Fund Balances	<u>268,398</u>	<u>1,485,006</u>	<u>300,750</u>	<u>2,054,154</u>	<u>4,063,055</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 293,794</u>	<u>\$ 1,485,006</u>	<u>\$ 303,929</u>	<u>\$ 2,082,729</u>	<u>\$ 4,088,241</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, 2017
 With Comparative Totals for December 31, 2016

	General Obligation Bonds	Sales Tax Revenue Bonds	Current Year Projects	2017 Total	2016 Total
REVENUES					
Property taxes	\$ 1,080,342	\$ -	\$ -	\$ 1,080,342	\$ 1,004,195
Special assessments			21,884	21,884	31,117
Intergovernmental	27,759			27,759	27,467
Interest	23,886	17,998	2,413	44,297	28,096
Total Revenues	<u>1,131,987</u>	<u>17,998</u>	<u>24,297</u>	<u>1,174,282</u>	<u>1,090,875</u>
EXPENDITURES					
Contractual services	67,502		618	68,120	21,502
Debt Services:					
Issuance costs					59,748
Interest & fiscal charges	296,927	242,701		539,628	614,068
Principal retirement	<u>3,110,000</u>	<u>1,687,944</u>		<u>4,797,944</u>	<u>2,944,174</u>
Total Expenditures	<u>3,474,429</u>	<u>1,930,645</u>	<u>618</u>	<u>5,405,692</u>	<u>3,639,492</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,342,442)</u>	<u>(1,912,647)</u>	<u>23,679</u>	<u>(4,231,410)</u>	<u>(2,548,617)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds					2,735,000
Redemption of refunded bonds					(860,000)
Bond (discount) premium					241,131
Transfers in	651,443	1,934,966		2,586,409	3,715,412
Transfers out	<u>(263,900)</u>		<u>(100,000)</u>	<u>(363,900)</u>	<u>(1,184,834)</u>
Total Other Financing Sources (Uses)	<u>387,543</u>	<u>1,934,966</u>	<u>(100,000)</u>	<u>2,222,509</u>	<u>4,646,709</u>
Net change in fund balances	(1,954,899)	22,319	(76,321)	(2,008,901)	2,098,092
Fund Balances at Beginning of Year	2,223,297	1,462,687	377,071	4,063,055	1,964,963
Fund Balances at End of Year	<u>\$ 268,398</u>	<u>\$ 1,485,006</u>	<u>\$ 300,750</u>	<u>\$ 2,054,154</u>	<u>\$ 4,063,055</u>

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.

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, 2017
 With Comparative Totals for December 31, 2016

	<u>Bikeway Project</u>	<u>Flood Protection Capital Maintenance</u>	<u>Underpass/ Bridge Construction</u>
ASSETS			
Cash and cash equivalents	\$ 505,247	\$ 969,614	\$ 427,760
Investments		2,000,000	1,500,000
Accounts receivable			
Special assessments receivable		14,206	
Special assessments-uncertified		2,281,507	
	<u>505,247</u>	<u>5,265,327</u>	<u>1,927,760</u>
Total Assets	<u>\$ 505,247</u>	<u>\$ 5,265,327</u>	<u>\$ 1,927,760</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 23,427	\$ -	\$ -
Contracts payable (including retainage)			
	<u>23,427</u>		
Total Liabilities	<u>23,427</u>		
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-special assessments		<u>2,295,713</u>	
Total Deferred Inflows of Resources		<u>2,295,713</u>	
FUND BALANCES			
Restricted		2,969,614	
Committed	481,820		1,927,760
	<u>481,820</u>	<u>2,969,614</u>	<u>1,927,760</u>
Total Fund Balances	<u>481,820</u>	<u>2,969,614</u>	<u>1,927,760</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 505,247</u>	<u>\$ 5,265,327</u>	<u>\$ 1,927,760</u>

Capital Replacement Fund	Nuisance Abatements	2017 Total	2016 Total
\$ 996,860	\$ 127,906	\$ 3,027,387	\$ 3,883,150
1,500,000		5,000,000	3,419,933
	3,616	17,822	56,029
	17,349	2,298,856	1,872,129
<u>\$ 2,496,860</u>	<u>\$ 148,871</u>	<u>\$ 10,344,065</u>	<u>\$ 9,231,241</u>
\$ -		\$ 23,427	\$ 1,450
		23,427	1,450
	20,965	2,316,678	1,928,158
	20,965	2,316,678	1,928,158
2,496,860	127,906	3,097,520	2,770,555
		4,906,440	4,531,078
<u>2,496,860</u>	<u>127,906</u>	<u>8,003,960</u>	<u>7,301,633</u>
<u>\$ 2,496,860</u>	<u>\$ 148,871</u>	<u>\$ 10,344,065</u>	<u>\$ 9,231,241</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, 2017
 With Comparative Totals for December 31, 2016

	Bikeway Projects	Flood Protection Capital Maintenance	Underpass/ Bridge Construction
REVENUES:			
Special assessments	\$ -	\$ 306,030	\$ -
Interest	3,091	17,434	11,022
Miscellaneous			
Total Revenues	<u>3,091</u>	<u>323,464</u>	<u>11,022</u>
EXPENDITURES			
Capital outlay:			
Public works	<u>100,056</u>	<u>17,730</u>	<u>59,953</u>
Total Expenditures	<u>100,056</u>	<u>17,730</u>	<u>59,953</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(96,965)</u>	<u>305,734</u>	<u>(48,931)</u>
OTHER FINANCING SOURCES (USES):			
Sale of property			
Proceeds from Capital Lease			
Transfers in	105,000		100,000
Transfers out			
Total Other Financing Sources (Uses)	<u>105,000</u>		<u>100,000</u>
Net change in fund balance	8,035	305,734	51,069
Fund Balances at Beginning of Year	<u>473,785</u>	<u>2,663,880</u>	<u>1,876,691</u>
Fund Balances at End of Year	<u>\$481,820</u>	<u>\$ 2,969,614</u>	<u>\$ 1,927,760</u>

Capital Replacement Fund	Nuisance Abatements	2017 Total	2016 Total
\$ - 24,624	\$ 29,519 696	\$ 335,549 56,867	\$ 264,566 64,892
<u>24,624</u>	<u>30,215</u>	<u>392,416</u>	<u>329,458</u>
<u>541,469</u>	<u>8,984</u>	<u>728,192</u>	<u>298,193</u>
<u>541,469</u>	<u>8,984</u>	<u>728,192</u>	<u>298,193</u>
<u>(516,845)</u>	<u>21,231</u>	<u>(335,776)</u>	<u>31,265</u>
437,479 395,624		437,479 600,624	1,035,979 (612,854)
<u>833,103</u>		<u>1,038,103</u>	<u>423,125</u>
316,258	21,231	702,327	454,390
<u>2,180,602</u>	<u>106,675</u>	<u>7,301,633</u>	<u>6,847,243</u>
<u>\$ 2,496,860</u>	<u>\$ 127,906</u>	<u>\$ 8,003,960</u>	<u>\$ 7,301,633</u>



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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, 2017
 With Comparative Totals for December 31, 2016

	<u>Public Transit</u>	<u>Dial-a-Ride</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,046,914	\$ 23,881
Restricted cash, cash equivalents, and investments:		
Customer deposits		1,431
Construction account		
Revenue bond current debt service account		
Receivables:		
Accounts	75,632	60,231
Taxes - property	16,488	3,618
Intergovernmental:		
Federal government	952,640	339,563
State of North Dakota	30,000	49,765
Due from Other Funds	50,000	
Inventories	90,922	
Prepaid items	12,122	63,828
Total Current Assets	<u>2,274,718</u>	<u>542,317</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	4,746,071	640,796
Less accumulated depreciation	(5,045,053)	(280,323)
Total Capital Assets (net of accumulated depreciation)	<u>3,100,041</u>	<u>360,473</u>
Total Noncurrent Assets	<u>3,100,041</u>	<u>360,473</u>
Total Assets	<u>5,374,759</u>	<u>902,790</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Single Employer Plan	172,933	
Deferred Pension NDPERS	677,145	
Total deferred outflow of resources	<u>850,078</u>	
LIABILITIES		
Current Liabilities:		
Accounts payable	45,689	68,031
Due to Other Funds		50,000
Customer Deposits		1,431
Compensated absences payable-current	17,124	-
Accrued interest payable		
Bonds payable-current		
Total Current Liabilities	<u>62,813</u>	<u>119,462</u>
Noncurrent Liabilities:		
Compensated absences payable	188,133	15,157
Net Pension Liability Single Employer Plan	823,197	
Net Pension Liability NDPERS	1,191,971	
Revenue bonds payable		
Total Noncurrent Liabilities	<u>2,203,301</u>	<u>15,157</u>
Total Liabilities	<u>2,266,114</u>	<u>134,619</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Single Employer Plan	\$ 2,034	
Deferred Pension NDPERS	21,369	
Total deferred inflow of resources	<u>23,403</u>	
NET POSITION		
Net investment in capital assets	3,100,041	360,473
Net position-restricted for:		
Debt Service		
Capital		
Net position-unrestricted	835,279	407,698
Total Net Position	<u>\$ 3,935,320</u>	<u>\$ 768,171</u>

Mosquito Control	Downtown Parking	2017 Total Non Major Enterprise Funds	2016 Total Non Major Enterprise Funds
\$ 222,470	\$ 196,161	\$ 1,489,426	\$ 1,483,433
		1,431	1,488
25,256	151,777	177,033	50,380
33,662		33,662	22,142
101,230	64,420	301,513	293,324
		20,106	15,534
		1,292,203	1,349,098
		79,765	57,097
		50,000	
		90,922	91,548
544	3,964	80,458	75,075
<u>383,162</u>	<u>416,322</u>	<u>3,616,519</u>	<u>3,439,119</u>
87,998		87,998	87,000
<u>87,998</u>		<u>87,998</u>	<u>87,000</u>
	333,627	360,826	360,826
1,398,792		4,090,953	4,030,618
77,499	3,090,165	3,847,327	3,847,327
816,216	105,167	6,308,250	6,407,737
(877,574)	(1,006,087)	(7,209,037)	(6,800,923)
<u>1,414,933</u>	<u>2,522,872</u>	<u>7,398,319</u>	<u>7,845,585</u>
<u>1,502,931</u>	<u>2,522,872</u>	<u>7,486,317</u>	<u>7,932,585</u>
<u>1,886,093</u>	<u>2,939,194</u>	<u>11,102,836</u>	<u>11,371,704</u>
		172,933	213,803
		677,145	234,650
		<u>850,078</u>	<u>448,453</u>
3,554	10,297	127,571	403,836
		50,000	-
		1,431	1,488
		17,124	6,630
5,233		5,233	1,525
85,000		85,000	85,000
<u>93,787</u>	<u>10,297</u>	<u>286,359</u>	<u>498,479</u>
67,999		271,289	277,092
		823,197	833,611
		1,191,971	555,857
705,032		705,032	790,612
<u>773,031</u>		<u>2,991,489</u>	<u>2,457,172</u>
<u>866,818</u>	<u>10,297</u>	<u>3,277,848</u>	<u>2,955,651</u>
		2,034	
		21,369	27,542
		<u>23,403</u>	<u>27,542</u>
624,901	2,522,872	6,608,287	6,969,973
116,427		116,427	107,617
25,256	151,777	177,033	50,380
<u>252,691</u>	<u>254,248</u>	<u>1,749,916</u>	<u>1,708,994</u>
<u>\$ 1,019,275</u>	<u>\$ 2,928,897</u>	<u>\$ 8,651,663</u>	<u>\$ 8,836,964</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, 2017
 With Comparative Totals for December 31, 2016

	<u>Public Transit</u>	<u>Dial-A-Ride</u>	<u>Mosquito Control</u>
Operating Revenues:			
Charges for sales and services:			
Utility fees	\$ 503,857	\$ 244,341	\$ 1,064,495
Operating assessment			
Miscellaneous	1,747		
Total Operating Revenues	<u>505,604</u>	<u>244,341</u>	<u>1,064,495</u>
Operating Expenses:			
Salaries and wages	1,028,217	219,079	257,369
Supplies	53,521	539	280,433
Contractual services	229,171	39,687	80,725
Maintenance - structures and equipment	392,496	135,732	24,515
Sundry expenses	18,065	3,592	9,803
Utilities - heat and lights	42,227		11,240
Pension and social security	431,391	32,060	32,488
Administrative and general	312,461	731,107	36,869
Total Operating Expenses	<u>2,507,549</u>	<u>1,161,796</u>	<u>733,442</u>
Net Income (Loss) from Operations before Depreciation	(2,001,945)	(917,455)	331,053
Less - Depreciation	410,134	105,945	108,096
Net Operating Income (Loss)	<u>(2,412,079)</u>	<u>(1,023,400)</u>	<u>222,957</u>
Nonoperating Revenues (Expenses):			
Interest	10,287	944	2,222
Federal grants	938,352	732,761	
State grants	67,500	215,923	3,500
General property taxes	965,870	202,660	
Personal property replacements	24,719	4,561	
Gain (loss) on capital assets	4,922	10,750	(2,304)
Pass through grant expense		(318,450)	
Miscellaneous		64,415	
Interest expense			(17,443)
Total Nonoperating Revenues (Expenses)	<u>2,011,650</u>	<u>913,564</u>	<u>(14,025)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(400,429)</u>	<u>(109,836)</u>	<u>208,932</u>
Capital Contributions and Transfers:			
Capital Contributions	43,785	88,654	
Transfers in			
Transfers Out			(7,155)
Total Capital Contributions and Transfers	<u>43,785</u>	<u>88,654</u>	<u>(7,155)</u>
Change in Net Position	(356,644)	(21,182)	201,777
Total Net Position-Beginning	<u>4,291,964</u>	<u>789,353</u>	<u>817,498</u>
Total Net Position-Ending	<u>\$ 3,935,320</u>	<u>\$ 768,171</u>	<u>\$ 1,019,275</u>

Downtown Parking	2017 Total Non Major Enterprise Funds	2016 Total Non Major Enterprise Funds
\$ 8,035	\$ 1,820,728	\$ 1,721,427
314,891	314,891	421,646
	1,747	1,030
<u>322,926</u>	<u>2,137,366</u>	<u>2,144,103</u>
30,298	1,534,963	1,517,492
1,325	335,818	404,510
35,559	385,142	315,583
132,212	684,955	925,630
	31,460	119,302
53,243	106,710	96,238
4,643	500,582	385,160
17,653	1,098,090	999,733
<u>274,933</u>	<u>4,677,720</u>	<u>4,763,648</u>
47,993	(2,540,354)	(2,619,545)
121,857	746,032	691,477
<u>(73,864)</u>	<u>(3,286,386)</u>	<u>(3,311,022)</u>
1,972	15,425	21,706
	1,671,113	1,405,682
	286,923	370,648
	1,168,530	1,073,660
	29,280	28,937
	13,368	8,217
	(318,450)	
	64,415	140
	(17,443)	(79,471)
<u>1,972</u>	<u>2,913,161</u>	<u>2,829,519</u>
<u>(71,892)</u>	<u>(373,225)</u>	<u>(481,503)</u>
	132,439	564,624
62,640	62,640	133,359
	(7,155)	-
<u>62,640</u>	<u>187,924</u>	<u>697,983</u>
(9,252)	(185,301)	216,480
<u>2,938,149</u>	<u>8,836,964</u>	<u>8,620,484</u>
<u>\$ 2,928,897</u>	<u>\$ 8,651,663</u>	<u>\$ 8,836,964</u>

CITY OF GRAND FORKS, NORTH DAKOTA
 COMBINING STATEMENT OF CASH FLOWS
 NON MAJOR PROPRIETARY FUNDS
 Year Ended December 31, 2017
 With Comparative Totals for December 31, 2016

	Public Transit Fund	Dial A Ride Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 567,579	\$ 195,405
Payments to suppliers	(1,435,683)	(977,742)
Payments to employees	(1,038,864)	(210,563)
Payments for interfund services used	(50,000)	50,000
Net cash provided (used) by operating activities	<u>(1,956,968)</u>	<u>(942,900)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers from other funds		
Transfers to other funds		
Operating subsidies from federal grants	975,362	434,196
Operating subsidies from state grants	37,500	223,255
Operating subsidies from Taxes	986,953	206,285
Net cash provided (used) by non-capital financing activities	<u>1,999,815</u>	<u>863,736</u>
Cash Flows from Capital & Related Financing Activities		
Financing Activities:		
Proceeds of revenue bonds and notes		
Capital contributions	19,460	88,654
Purchases of capital assets	(59,850)	(13,488)
Principal paid on capital debt		
Interest paid		
Net cash provided (used) by capital & related financing activities	<u>(40,390)</u>	<u>75,166</u>
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments		
Purchase of investments		
Interest and dividends	10,287	944
Net cash provided by investing activities	<u>10,287</u>	<u>944</u>
Net increase (decrease) in cash and cash equivalents	12,744	(3,054)
Cash and cash equivalents - beginning of the year	1,034,170	28,366
Cash and cash equivalents - end of the year	<u>\$ 1,046,914</u>	<u>\$ 25,312</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (loss)	<u>\$ (2,412,079)</u>	<u>\$ (1,023,400)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	410,134	105,945
(Increase) decrease in accounts receivable	61,975	(48,879)
(Increase) decrease in inventories	626	
(Increase) decrease in prepaid items	25,646	(\$30,291)
Increase (decrease) in customer deposits		(57)
(Increase) decrease in deferred pension outflows	(401,625)	
Increase (decrease) in accounts payable	(203,417)	(4,672)
Increase (decrease) in compensated absences payable	(9,789)	8,454
Increase (decrease) in net pension liability	625,700	
Increase (decrease) in deferred pension inflows	(4,139)	
(Increase) decrease in due from other funds	(50,000)	
Increase (decrease) in due to other funds		50,000
Total Adjustments	<u>455,111</u>	<u>80,500</u>
Net cash provided (used) by operating activities	<u>\$ (1,956,968)</u>	<u>\$ (942,900)</u>
Noncash Investing, Capital and Financing Activities:		
Net (decrease) in fair value of investments	\$ (6,266)	\$ -
Contributed Capital	24,325	

Mosquito Control Fund	Downtown Parking	2017 Total Non-Major Enterprise Funds	2016 Total Non-Major Enterprise Funds
\$ 1,057,047 (540,499) (251,400)	\$ 309,089 (249,065) (30,298)	\$ 2,129,120 (3,202,989) (1,531,125)	\$ 2,068,746 (2,976,076) (1,499,748)
<u>265,148</u>	<u>29,726</u>	<u>(2,604,994)</u>	<u>(2,407,078)</u>
(7,155)	62,640	62,640 (7,155)	133,359
3,500		1,409,558 264,255 1,193,238	490,567 580,574 1,099,587
<u>(3,655)</u>	<u>62,640</u>	<u>2,922,536</u>	<u>2,304,087</u>
(123,321) (85,000) (14,315)		108,114 (196,659) (85,000) (14,315)	870,000 335,941 (461,282) (915,000) (79,627)
<u>(222,636)</u>		<u>(187,860)</u>	<u>(249,968)</u>
87,000 (87,998) 2,222 1,224	1,972 1,972	87,000 (87,998) 15,425 14,427	128,983 (87,000) 21,706 63,689
<u>40,081</u>	<u>94,338</u>	<u>144,109</u>	<u>(289,270)</u>
<u>241,307</u>	<u>253,600</u>	<u>1,557,443</u>	<u>1,846,713</u>
<u>\$ 281,388</u>	<u>\$ 347,938</u>	<u>\$ 1,701,552</u>	<u>\$ 1,557,443</u>
<u>\$ 222,957</u>	<u>\$ (73,864)</u>	<u>\$ (3,286,386)</u>	<u>\$ (3,311,022)</u>
108,096 (7,448) (62)	121,857 (13,836) (676)	746,032 (8,188) 626 (5,383) (57)	691,477 (75,357) (6,272) (44,293)
(64,421) 6,026	(3,755)	(401,625) (276,265) 4,691 625,700 (4,139) (50,000) 50,000	(278,177) 232,632 8,675 385,151 (9,892) 75,000 (75,000)
<u>42,191</u>	<u>103,590</u>	<u>681,392</u>	<u>903,944</u>
<u>\$ 265,148</u>	<u>\$ 29,726</u>	<u>\$ (2,604,994)</u>	<u>\$ (2,407,078)</u>
\$ (1,232)	\$ (1,158)	\$ (8,656) 24,325	\$ (637)



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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, 2017
 With Comparative Totals for December 31, 2016

	Computer Service Fund	Central Garage	Central Purchasing	Public Works Facility	2017 Total	2016 Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 152,628	\$ 677	\$ 10,401	\$ 351,204	\$ 514,910	\$ 157,048
Accounts Receivable					-	501
Prepaid items				3,317	3,317	2,845
Inventories		156,192	9,007		165,199	126,226
Total current assets	152,628	156,869	19,408	354,521	683,426	286,620
Capital assets:						
Building and equipment, net of accumulated deprec.	259,500	149,493		5,216,572	5,625,565	5,788,373
Total assets	412,128	306,362	19,408	5,571,093	6,308,991	6,074,993
LIABILITIES						
Current liabilities:						
Accounts payable		4,704	45	3,038	7,787	6,505
Due to other funds					-	49,700
Advances from other funds			19,000		19,000	19,000
Compensated absences		58,281		34,783	93,064	80,118
Total current liabilities	-	62,985	19,045	37,821	119,851	155,323
Total liabilities	-	62,985	19,045	37,821	119,851	155,323
NET POSITION						
Net investment in capital assets	259,500	149,493		5,216,572	5,625,565	5,788,373
Net position-unrestricted	152,628	93,884	363	316,700	563,575	131,297
Total net position	\$ 412,128	\$ 243,377	\$ 363	\$ 5,533,272	\$ 6,189,140	\$ 5,919,670

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, 2017
 With Comparative Totals for December 31, 2016

	Computer Service Fund	Central Garage	Central Purchasing	Public Works Facility	2017 Total	2016 Total
Operating Revenues:						
Charges for services - internal	\$ 354,620	\$ 1,299,667	\$ 2,044	\$ 520,346	\$ 2,176,677	\$ 1,944,007
Total operating revenues	<u>354,620</u>	<u>1,299,667</u>	<u>2,044</u>	<u>520,346</u>	<u>2,176,677</u>	<u>1,944,007</u>
Operating expenses:						
Personal services		369,064		135,766	504,830	420,558
Supplies	5,380	675,230	1,398	8,986	690,994	704,749
Contractual services	1,100	100,438		16,991	118,529	109,170
Maintenance- structures & equip.	268,227	40,155		92,008	400,390	331,158
Sundry		6,821			6,821	5,306
Utilities				125,670	125,670	133,675
Pension and social security		90,828		13,453	104,281	93,786
Administrative and general	(6,172)	61,023	239	27,397	82,487	89,599
Depreciation	57,386	23,725		306,988	388,099	365,271
Total operating expenses	<u>325,921</u>	<u>1,367,284</u>	<u>1,637</u>	<u>727,259</u>	<u>2,422,101</u>	<u>2,253,272</u>
Operating income (loss)	<u>28,699</u>	<u>(67,617)</u>	<u>407</u>	<u>(206,913)</u>	<u>(245,424)</u>	<u>(309,265)</u>
Nonoperating revenues (expense)						
Earnings on investments	538		(61)	187	664	1,108
Gain (loss) on disposal of capital assets	(2,700)	(477)	(339)		(3,516)	(2,521)
Total nonoperating revenues (expenses)	<u>(2,162)</u>	<u>(477)</u>	<u>(400)</u>	<u>187</u>	<u>(2,852)</u>	<u>(1,413)</u>
Income (loss) before contributions and transfers	26,537	(68,094)	7	(206,726)	(248,276)	(310,678)
Transfers in (out)	184,546	163,200		170,000	517,746	9,235
Change in net position	211,083	95,106	7	(36,726)	269,470	(301,443)
Total net position - beginning	<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>
Total net position - ending	<u>\$ 412,128</u>	<u>\$ 243,377</u>	<u>\$ 363</u>	<u>\$ 5,533,272</u>	<u>\$ 6,189,140</u>	<u>\$ 5,919,670</u>

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

Year Ended December 31, 2017
 With Comparative Totals for December 31, 2016

	<u>Computer Service Fund</u>	<u>Central Garage Fund</u>
Cash Flows from Operating Activities:		
Payments to suppliers	\$ (268,535)	\$ (1,008,072)
Payments to employees		(356,173)
Internal activity-payments to/from other funds	355,121	1,249,967
	<hr/>	<hr/>
Net cash provided (used) by operating activities	86,586	(114,278)
Cash Flows from Non-Capital Financing Activities:		
Transfers to other funds		
Transfers from other funds	184,546	163,200
Net cash provided (used) by non-capital financing activities	<hr/> 184,546	<hr/> 163,200
Cash Flows from Capital & Related Financing Activities:		
Acquisition of capital assets	<hr/> (162,999)	<hr/> (48,900)
Net cash provided (used) by capital & related financing activities	<hr/> (162,999)	<hr/> (48,900)
Cash Flows from Investing Activities:		
Interest and dividends	538	
	<hr/>	<hr/>
Net cash provided by investing activities	538	
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	108,671	22
Cash & cash equivalents - beginning of the year	<hr/> 43,957	<hr/> 655
Cash & cash equivalents - end of the year	<hr/> <u>\$ 152,628</u>	<hr/> <u>\$ 677</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (loss)	<hr/> \$ 28,699	<hr/> \$ (67,617)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation Expense	57,386	23,725
(Increase) decrease in accounts receivable	501	
(Increase) decrease in inventories		(38,243)
(Increase) decrease in prepaid items		
Increase (decrease) in accounts payable		4,666
Increase (decrease) in compensated absences payable		12,891
(Increase) decrease in due from other funds		
Increase (decrease) in due to other funds		(49,700)
	<hr/>	<hr/>
Total Adjustments	57,887	(46,661)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<hr/> <u>\$ 86,586</u>	<hr/> <u>\$ (114,278)</u>

Central Purchasing Fund	Public Works Facility Fund	Total 2017	Total 2016
\$ (3,116)	\$ (287,199)	\$ (1,566,922)	\$ (1,455,070)
	(136,124)	(492,297)	(398,923)
2,044	520,346	2,127,478	1,943,506
<u>(1,072)</u>	<u>97,023</u>	<u>68,259</u>	<u>89,513</u>
	170,000	517,746	9,235
	<u>170,000</u>	<u>517,746</u>	<u>9,235</u>
(339)	(16,569)	(228,807)	(101,998)
<u>(339)</u>	<u>(16,569)</u>	<u>(228,807)</u>	<u>(101,998)</u>
(61)	187	664	1,108
<u>(61)</u>	<u>187</u>	<u>664</u>	<u>1,108</u>
(1,472)	250,641	357,862	(2,142)
<u>11,873</u>	<u>100,563</u>	<u>157,048</u>	<u>159,190</u>
<u>\$ 10,401</u>	<u>\$ 351,204</u>	<u>\$ 514,910</u>	<u>\$ 157,048</u>
<u>\$ 407</u>	<u>\$ (206,913)</u>	<u>\$ (245,424)</u>	<u>\$ (309,265)</u>
	306,988	388,099	365,271
(730)		501	(501)
	(472)	(38,973)	42,288
(749)	(2,635)	(472)	(383)
	55	1,282	(27,984)
		12,946	20,087
		(49,700)	20,000
			(20,000)
<u>(1,479)</u>	<u>303,936</u>	<u>313,683</u>	<u>398,778</u>
<u>\$ (1,072)</u>	<u>\$ 97,023</u>	<u>\$ 68,259</u>	<u>\$ 89,513</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, 2017
 With Comparative Totals for December 31, 2016

	<u>Agency Funds</u>		<u>Totals</u>	
	<u>Convention & Visitors Bureau</u>	<u>Animal Control</u>	<u>2017</u>	<u>2016</u>
ASSETS				
Cash and cash equivalents	\$ 134,076	\$ 559	\$ 134,635	\$ 101,299
Taxes Receivable:				
Hotel/Motel	71,131		71,131	69,137
Property		1,715	1,715	1,265
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 205,207</u>	<u>\$ 2,274</u>	<u>\$ 207,481</u>	<u>\$ 171,701</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$140,767	\$ 1,437	\$ 142,204	\$ 107,281
Due to other agencies	<u>64,440</u>	<u>837</u>	<u>65,277</u>	<u>64,420</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 205,207</u>	<u>\$ 2,274</u>	<u>\$ 207,481</u>	<u>\$ 171,701</u>

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

Year Ended December 31, 2017

	ASSETS			
	Cash and Cash Equivalents	Taxes Receivable	Other Assets	Total Assets
Convention-Visitor's Bureau				
January 1, 2017	\$ 100,387	\$ 69,137	\$ -	\$ 169,524
Additions	1,097,674	71,131		1,168,805
Deletions	(1,063,985)	(69,137)		(1,133,122)
December 31, 2017	<u>\$ 134,076</u>	<u>\$ 71,131</u>	<u>\$ -</u>	<u>\$ 205,207</u>
Animal Control				
January 1, 2017	\$ 912	\$ 1,265	\$ -	\$ 2,177
Additions	156,397	106,165		262,562
Deletions	(156,750)	(105,715)		(262,465)
December 31, 2017	<u>\$ 559</u>	<u>\$ 1,715</u>	<u>\$ -</u>	<u>\$ 2,274</u>
TOTALS				
January 1, 2017	\$ 101,299	\$ 70,402	\$ -	\$ 171,701
Additions	1,254,071	177,296		1,431,367
Deletions	(1,220,735)	(174,852)		(1,395,587)
December 31, 2017	<u>\$ 134,635</u>	<u>\$ 72,846</u>	<u>\$ -</u>	<u>\$ 207,481</u>

<u>LIABILITIES</u>		
<u>Accounts Payable</u>	<u>Due To Other Agencies</u>	<u>Total Liabilities</u>
\$ 106,207	\$ 63,317	\$ 169,524
1,089,670	993,480	2,083,150
<u>(1,055,110)</u>	<u>(992,357)</u>	<u>(2,047,467)</u>
<u>\$ 140,767</u>	<u>\$ 64,440</u>	<u>\$ 205,207</u>
\$ 1,074	\$ 1,103	\$ 2,177
363	156,847	157,210
<u> </u>	<u>(157,113)</u>	<u>(157,113)</u>
<u>\$ 1,437</u>	<u>\$ 837</u>	<u>\$ 2,274</u>
\$ 107,281	\$ 64,420	\$ 171,701
1,090,033	1,150,327	2,240,360
<u>(1,055,110)</u>	<u>(1,149,470)</u>	<u>(2,204,580)</u>
<u>\$ 142,204</u>	<u>\$ 65,277</u>	<u>\$ 207,481</u>

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

G-3

Year Ended December 31, 2017
 With Comparative Totals for December 31, 2016

	Pension Trust Fund 2017	Pension Trust Fund 2016
Additions:		
Contributions:		
Employer contributions	\$ 3,325,061	\$ 3,590,322
Employee contributions	428,480	441,589
Total contributions	<u>3,753,541</u>	<u>4,031,911</u>
Investment Earnings:		
Net appreciation (depreciation) in fair value of assets & Interest, dividends and other income	9,767,726	4,344,791
Net investment earnings	<u>9,767,726</u>	<u>4,344,791</u>
Total additions	<u>13,521,267</u>	<u>8,376,702</u>
Deductions:		
Benefits paid to participants	5,705,484	5,509,875
Expenses and fees	204,338	182,647
Total Deductions	<u>5,909,822</u>	<u>5,692,522</u>
Change in net position	7,611,445	2,684,180
Net position - beginning	<u>63,000,737</u>	<u>60,316,557</u>
Net position - ending	<u>\$ 70,612,182</u>	<u>\$ 63,000,737</u>

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

CAPITAL ASSETS

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

H-1

December 31, 2017

Governmental Funds Capital Assets:	
Land	\$ 38,545,127
Buildings	45,214,219
Improvements other than buildings	66,665,330
Machinery and equipment	25,087,865
Infrastructure	186,753,539
Construction in Progress	<u>1,725,851</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 363,991,931</u></u>

Investment in Governmental Funds Capital Assets by Source:

General obligation bonds and levies	\$ 135,146,920
Sales tax revenue bonds	19,235,000
Special Revenue Funds	51,590,276
General Fund Revenue	19,758,106
Contributions and donations from others	11,053,144
State Grants	60,945,280
Federal Grants	<u>66,263,205</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 363,991,931</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets

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

H-2

December 31, 2017

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction In Progress
General Government:							
Mayor and Council	\$ 127,054	\$	\$	\$	\$ 127,054	\$ -	\$ -
Attorney	5,434				5,434		
Assessor	32,393				32,393		
Auditor and Accounting	46,776				46,776		
City Hall	5,239,043	113,525	4,352,504		773,014		
Data Services	17,009				17,009		
Personnel	38,213				38,213		
Planning and Zoning	20,916				20,916		
Economic Development	7,386				7,386		
Total General Government	5,534,224	113,525	4,352,504		1,068,195		
Health and Welfare							
Health	730,709		34,495		696,214		
Total Health and Welfare	730,709		34,495		696,214		
Public Safety:							
Civil Preparedness	13,196		7,247		5,949		
Fire	12,799,419	545,004	6,069,756	44,192	6,140,467		
Municipal Court	596,223		537,540		58,683		
Police	9,941,638	38,000	2,487,567	214,764	7,201,307		
Public Safety Center	4,439,534		3,200,504	855,009	16,118	367,903	
Public Service Answering Point E-911	43,659				43,659		
	2,753,751		2,199,563		554,188		
Total Public Safety	30,587,420	583,004	14,502,177	1,113,965	14,020,371	367,903	
Highways and Streets							
Engineer	1,213,251				1,213,251		
Street Department	7,278,909	39,334	544,133	1,249	6,694,193		
Street System	193,861,540	7,367,352		1,609,852	373,750	182,784,735	1,725,851
Total Highways and Streets	202,353,700	7,406,686	544,133	1,611,101	8,281,194	182,784,735	1,725,851
Culture and Recreation							
Historic Preservation	1,160				1,160		
Public Library	636,528		286,803	28,558	321,167		
Total Culture & Recreation	637,688		286,803	28,558	322,327		
Other Capital Assets:							
Cirrus Parking Lot	163,450			163,450			
Landscape Department	345,801				345,801		
Parking Facilities	2,536,105	2,514,958	20,000		1,147		
Public Buildings	28,127,479	7,387,133	20,405,421	117,297	217,628		
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	\$ 363,991,931	\$ 38,545,127	\$ 45,214,219	\$ 66,665,330	\$ 25,087,865	\$ 186,753,539	\$ 1,725,851

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 \$6,754,914 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, 2017

<u>Function and Activity</u>	Governmental Funds Capital Assets 1/1/17	Additions	Deletions	Governmental Funds Capital Assets 12/31/17
General Government:				
Mayor and Council	\$ 123,992	\$ 3,062	\$ -	\$ 127,054
Attorney	5,434			5,434
Assessor	32,393			32,393
Finance & Admin Services	38,744	8,032		46,776
City Hall	5,168,936	70,106		5,239,042
Information Services	17,009			17,009
Human Resources	32,945	5,268		38,213
Planning and Zoning	35,910		14,994	20,916
Economic Development	7,386			7,386
Total General Government	<u>5,462,749</u>	<u>86,468</u>	<u>14,994</u>	<u>5,534,223</u>
Health and Welfare				
Health	739,730	7,508	16,529	730,709
Total Health and Welfare	<u>739,730</u>	<u>7,508</u>	<u>16,529</u>	<u>730,709</u>
Public Safety:				
Civil Preparedness	13,196			13,196
Fire	12,749,205	88,516	38,302	12,799,419
Municipal Court	598,218		1,995	596,223
Police	10,194,471	416,093	668,925	9,941,639
Public Safety Center	4,430,206	9,328		4,439,534
Public Service Answering Point	44,707		1,048	43,659
E-911	2,829,111	74,392	149,752	2,753,751
Total Public Safety	<u>30,859,114</u>	<u>588,329</u>	<u>860,022</u>	<u>30,587,421</u>
Highways and Streets				
Engineering	1,173,743	79,067	39,559	1,213,251
Street Department	6,666,793	732,867	120,750	7,278,910
Street System	179,693,496	14,177,480	9,436	193,861,540
Total Highways and Streets	<u>187,534,032</u>	<u>14,989,414</u>	<u>169,745</u>	<u>202,353,701</u>
Culture and Recreation				
Historic Preservation	1,160			1,160
Public Library	439,023	204,418	6,914	636,527
Total Culture & Recreation	<u>440,183</u>	<u>204,418</u>	<u>6,914</u>	<u>637,687</u>
Cirrus Parking Lot				
Landscape Department	344,275	1,526		345,801
Parking Facilities	2,536,105			2,536,105
Public Buildings	28,174,463	11,215	58,199	28,127,479
Senior Citizens	1,607,292			1,607,292
Greenway	3,430,025			3,430,025
Permanent Flood Protection	87,938,038			87,938,038
Total Capital Assets	<u><u>\$ 349,229,456</u></u>	<u><u>\$15,888,878</u></u>	<u><u>\$ 1,126,403</u></u>	<u><u>\$ 363,991,931</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 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, 2017

Description	Date of Maturity	Balance December 31, 2017	Yield
Wells Fargo Bank, Grand Forks:			
Surety Account		\$ 76,216	0.030%
Business Savings Account		2,573,733	0.030%
Bremer Bank, Grand Forks:			
Money Market Savings		29,360,814	1.160%
American Federal Bank, Grand Forks:			
Money Market Checking		4,006,051	1.100%
Choice Financial, Grand Forks:			
Business Savings		2,495,060	1.160%
Total Financial Institution Accounts		<u>38,511,874</u>	
US Bank:			
Federal Home Loan Bank	2/25/18	769,987	3.174%
Various Banks - CD's	3/5/18	248,099	1.250%
Federal Home Loan Mortgage Corp	3/26/18	999,220	1.050%
Various Banks - CD's	8/27/18	248,183	1.350%
Choice Financial - CD	9/4/18	2,066,965	0.800%
Various Banks - CD's	9/21/18	248,367	1.400%
Federal Home Loan Mortgage Corp	9/25/18	2,147,494	1.963%
Federal Home Loan Mortgage Corp	9/25/18	240,923	0.954%
Various Banks - CD's	9/28/18	247,457	1.300%
Alerus - CD	9/29/18	250,000	0.600%
Various Banks - CD's	Oct-18	743,255	1.700%
Federal National Mortgage	11/25/18	1,193,784	1.661%
Sallie Mae - CD	11/27/18	150,409	2.000%
Various Banks - CD's	12/11/18	247,886	2.000%
Various Banks - CD's	2/28/19	227,284	1.500%
Federal National Mortgage	3/1/19	653,019	2.430%
Various Banks - CD's	Mar-19	494,837	1.600%
Federal Home Loan Mortgage Corp	5/25/19	1,992,500	1.982%
Federal National Mortgage	6/1/19	1,684,234	2.085%
Various Banks - CD's	Jul-19	743,323	1.950%
Federal National Mortgage	08/01/19	14,819	1.919%
Federal National Mortgage	08/01/19	19,580	2.030%
Various Banks - CD's	Aug-19	741,482	2.083%
Federal National Mortgage	9/25/19	2,251,647	1.751%
Federal National Mortgage	10/1/19	1,404,547	1.667%
Federal National Mortgage	10/1/19	1,936,148	1.958%
Various Banks - CD's	Oct-19	743,401	2.050%
Various Banks - CD's	Dec-19	497,714	2.150%
Government National Mortgage Association	12/16/19	763,625	1.253%
Federal National Mortgage	1/1/20	2,243,565	3.142%
Federal National Mortgage	2/1/20	1,371,768	2.197%
Federal National Mortgage	6/1/20	2,484,375	1.773%
Various Banks - CD's	8/25/20	248,112	2.000%
Federal Home Loan Mortgage Corp	8/25/20	2,581,250	1.874%
Federal Home Loan Mortgage Corp	8/25/20	2,858,993	1.824%
Federal Home Loan Mortgage Corp	10/25/20	358,293	0.727%
Various Banks - CD's	12/7/20	247,474	2.100%
Federal Home Loan Mortgage Corp	10/25/21	2,546,875	2.023%
Federal National Mortgage	11/1/21	1,966,250	1.715%
Federal Home Loan Mortgage Corp	12/1/21	1,995,807	2.213%
Federal National Mortgage	2/25/22	524,151	3.202%
Federal National Mortgage	4/1/22	1,911,470	2.020%
Federal National Mortgage	5/1/22	2,459,188	2.041%
Federal National Mortgage	5/25/22	997,500	1.999%
Federal Home Loan Mortgage Corp	8/25/22	2,032,500	2.103%
Federal Home Loan Mortgage Corp	8/25/22	2,540,625	2.160%
Federal Home Loan Mortgage Corp	8/25/22	2,992,500	2.140%
Federal National Mortgage	9/1/22	516,956	1.327%
Federal National Mortgage	10/1/22	562,786	1.246%
Federal National Mortgage	11/1/22	501,562	1.721%
Federal National Mortgage	12/25/22	658,766	2.321%
Federal National Mortgage	3/1/23	643,116	1.169%
Federal National Mortgage	7/1/23	763,731	1.533%
Federal Home Loan Mortgage Corp	7/15/23	1,757,104	1.849%
Federal National Mortgage	4/1/24	1,386,525	2.521%
Federal Home Loan Mortgage Corp	2/15/27	1,164,377	3.199%
Federal National Mortgage	5/1/27	1,185,241	1.791%
Federal National Mortgage	10/1/27	942,956	2.972%
Total Investments US Bank		<u>66,414,005</u>	
Total Investments		66,414,005	
Cash on Hand and In Checking		10,418,987	0.03%
Alerus Center Cash		<u>2,942,791</u>	
TOTAL CASH AND INVESTMENTS		<u>\$ 118,287,657</u>	

(1) Does not include \$70,977,499 cash in Employee's Retirement System

CITY OF GRAND FORKS, NORTH DAKOTA

SUMMARY OF DEBT STATISTICS

DECEMBER 31, 2017

Market Value of Taxable Property - 2017	<u>\$ 4,534,224,096</u>
Assessed Valuation - 2017	<u>2,267,112,048</u>
Direct Debt	
Debt Supported by Special Assessments	70,095,673
Debt Supported by Sales Tax Revenue	4,830,524
General Obligation Debt	<u>5,365,174</u>
Total Direct Debt	80,291,371
Overlapping Debt	<u>48,714,587</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 129,005,958</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	\$ 80,291,371	\$ 1,341.10	1.77%	3.54%
Overlapping Debt	<u>48,714,587</u>	<u>813.67</u>	<u>1.07%</u>	<u>2.15%</u>
Totals	<u><u>\$ 129,005,958</u></u>	<u><u>\$ 2,154.77</u></u>	<u><u>2.85%</u></u>	<u><u>5.69%</u></u>

NOTES: (1) 2017 census population 59,870

CITY OF GRAND FORKS, NORTH DAKOTA

DEBT STATEMENT

December 31, 2017

	<u>Outstanding</u>	<u>Sinking Funds</u>	<u>Net Liability</u>
<u>General Obligation Bonds:</u>			
2008 "B" GO Refunding Bonds - Dike	1,285,000	243,904	1,041,096
2011 "E" GO Refunding Bonds - Dike*	1,190,000	14,744	1,175,256
2016 "C" GO Refunding Bonds*****	<u>2,650,000</u>	<u>4,511</u>	<u>2,645,489</u>
Net Liability General Obligation Bonds	<u>5,125,000</u>	<u>263,159</u>	<u>4,861,841</u>
<u>Revenue Bonds:</u>			
1997 "B" SRL WWTP - phase 1	860,000	1,191,140	(331,140)
1997 "D" SRL Southend Drainway - phase 1	245,000	338,363	(93,363)
1998 SRL Southend Drainway - phase 2	150,000	207,156	(57,156)
2000 "A" SRL Clearwell	2,105,000	997,517	1,107,483
2001 "D" SRL WWTP - phase 2	3,325,000	1,199,789	2,125,211
2002 "C" SRL WWTP - phase 3	1,680,000	609,279	1,070,721
2005 "E" SRL BioSolids Mgmt Project	2,070,000	394,257	1,675,743
2009 "B" Sewer Reserve Revenue and Refunding Bond	1,880,000	447,367	1,432,633
2009 "D" Water Reserve Revenue Refunding Bond	1,795,000	862,626	932,374
2010 "A" Sanitation Reserve Revenue Refunding Bond	865,000	156,214	708,786
2011 "D" Sewer Reserve Revenue Bond	1,955,000	244,285	1,710,715
2012 "B" Water Reserve Revenue Bond	3,040,000	324,192	2,715,808
2015 "A" Sanitation Reserve Revenue Refunding Bond****	7,120,000	305,573	6,814,427
2015 "C" Sewer Reserve Revenue Bonds	2,415,000	224,687	2,190,313
2016 "B" Sanitation Reserve Revenue Bonds	2,845,000	670,604	2,174,396
2016 "D" Mosquito Control Reserve Refunding Bonds*****	785,000	121,661	663,339
2016 Wastewater Revenue Loan - Bank of North Dakota (Loan #1)	1,250,208	191,598	1,058,610
2016 Wastewater Rev & Sales Tax Loan-Bank of N. Dakota (Loan #3)	4,370,735	383,697	3,987,038
2017A Water Utility Reserve Revenue Bond	<u>9,969,336</u>	<u>1,601,737</u>	<u>8,367,599</u>
Net Liability Revenue Bonds	<u>48,725,279</u>	<u>10,471,742</u>	<u>38,253,537</u>
<u>Sales Tax Revenue Bonds:</u>			
2011 "A" Sales Tax Reserve Revenue Refunding Bond - Dike**	1,645,000	458,789	1,186,211
2011 "F" Sales Tax Reserve Revenue Refunding Bond - Dike***	2,855,000	742,441	2,112,559
2015 "D" Sales Tax Revenue Refunding Bond*****	<u>36,305,000</u>	<u>11,273,770</u>	<u>25,031,230</u>
Net Liability Sales Tax Revenue Bonds	<u>40,805,000</u>	<u>12,475,000</u>	<u>28,330,000</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, 2017

	<u>Outstanding</u>	<u>Sinking Funds</u>	<u>Net Liability</u>
<u>Refunding Improvement Bonds:</u>			
2002 "A" SRL Water Reclamation Phase 1	\$ 402,000	\$ 6,081	\$ 395,919
2002 "B" SRL Water Reclamation Phase 2	520,000	102,773	417,227
2004 "A" Refunding Improvement	50,000	108,457	(58,457)
2005 "B" Refunding Improvement Bond	290,000	58,952	231,048
2006 "C" Refunding Improvement Bond	1,605,000	118,669	1,486,331
2007 "D" Refunding Improvement Bond	2,765,000	1,345,533	1,419,467
2008 "A" Refunding Improvement Refunding Bond	230,000	982,362	(752,362)
2008 "D" Refunding Improvement Bond	1,570,000	334,559	1,235,441
2009 "C" Refunding Improvement Refunding Bond	2,070,000	4,587,828	(2,517,828)
2009 "E" Refunding Improvement Bond	1,310,000	400,095	909,905
2010 "B" Refunding Improvement Bond - Dike	1,835,000	331,648	1,503,352
2010 "C" Refunding Improvement Bond	3,060,000	777,279	2,282,721
2011 "B" Refunding Improvement Refunding Bond*	1,120,000	1,315,923	(195,923)
2011 "C" Refunding Improvement Bond	3,780,000	1,929,710	1,850,290
2012 "A" Refunding Improvement Refunding Bond**	3,145,000	1,208,780	1,936,220
2013 "A" Refunding Improvement Refunding Bond	7,675,000	1,597,295	6,077,705
2014 "A" Refunding Improvement Bond	9,145,000	937,259	8,207,741
2015 "B" Refunding Improvement Bond	6,740,000	1,037,024	5,702,976
2016 "A" Refunding Improvement Bond	6,130,000	254,703	5,875,297
2016 Bank of North Dakota Special Assessment Loan (Loan #2)	4,215,385	28,847	4,186,538
2017 "B" Refunding Improvement Bond	<u>10,555,000</u>	<u>376,797</u>	<u>10,178,203</u>
Net Liability Refunding Improvement Bonds	<u>68,212,385</u>	<u>17,840,574</u>	<u>50,371,811</u>
<u>Industrial Development Revenue Notes:</u>			
Bremer Bank - Cirrus	<u>901,491</u>	<u>-</u>	<u>901,491</u>
Net Liability Industrial Development Revenue Notes	<u>901,491</u>	<u>-</u>	<u>901,491</u>
Net Liability All Funds	<u>\$ 163,769,155</u>	<u>\$ 41,050,475</u>	<u>\$ 122,718,680</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, 2017

Year	General Obligation & Tax Incr.	Revenue Bonds	Sales Tax Revenue Bonds	Refunding Improvement Bonds	Industrial Development Revenue Notes	Total Requirement
2018	\$ 1,301,600	\$ 7,289,970	\$ 5,285,450	\$ 8,105,819	\$ -	\$ 21,982,839
2019	1,291,100	6,599,295	5,292,325	7,609,929	-	20,792,649
2020	617,500	6,412,157	5,296,200	7,020,812	-	19,346,669
2021	619,550	4,971,457	5,194,750	6,963,968	-	17,749,725
2022	616,200	4,551,957	4,019,850	5,749,762	-	14,937,769
2023	352,600	4,577,032	4,016,100	5,302,850	-	14,248,582
2024	355,400	4,582,445	4,015,600	4,862,936	-	13,816,381
2025	352,600	4,588,739	4,012,850	4,646,475	-	13,600,664
2026	244,400	4,314,189	4,012,600	4,434,885	-	13,006,074
2027	-	4,229,894	4,014,350	4,132,075	-	12,376,319
2028	-	4,239,470	4,017,600	3,911,260	-	12,168,330
2029	-	4,259,969	4,011,850	3,537,280	-	11,809,099
2030	-	4,084,995	-	3,392,807	-	7,477,802
2031	-	4,094,944	-	3,061,823	-	7,156,767
2032	-	3,933,044	-	2,758,302	-	6,691,346
2033	-	3,696,176	-	2,465,959	-	6,162,135
2034	-	3,704,731	-	2,216,046	-	5,920,777
2035	-	3,712,143	-	1,760,778	-	5,472,921
2036	-	3,542,927	-	1,351,028	-	4,893,955
2037	-	3,558,409	-	1,079,177	-	4,637,586
2038	-	3,572,233	-	1,050,046	-	4,622,279
2039	-	3,579,896	-	1,021,228	-	4,601,124
2040	-	3,141,559	-	996,971	-	4,138,530
2041	-	3,151,684	-	972,872	-	4,124,556
2042	-	3,166,133	-	898,934	-	4,065,067
2043	-	3,174,834	-	726,715	-	3,901,549
2044	-	3,187,858	-	554,365	-	3,742,223
2045	-	3,200,134	-	547,215	-	3,747,349
2046	-	3,211,658	-	320,065	-	3,531,723
2047	-	3,227,433	-	320,065	-	3,547,498
2048	-	2,893,150	-	-	-	2,893,150
2049	-	2,902,275	-	-	-	2,902,275
2050	-	2,920,650	-	-	-	2,920,650
2051	-	2,918,125	-	-	-	2,918,125
	<u>\$ 5,750,950</u>	<u>\$ 135,191,565</u>	<u>\$ 53,189,525</u>	<u>\$ 91,772,447</u>	<u>\$ (1)</u>	<u>\$ 285,904,486</u>

Repayment schedule based upon a Water loan through the State Revolving Loan Fund fully drawn upon. At 12/31/17, only \$9,969,336 of \$66,000,000 was outstanding.

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

December 31, 2017

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
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	<u>235,000</u>	<u>9,400</u>	<u>244,400</u>
	<u>\$ 5,125,000</u>	<u>\$ 625,950</u>	<u>\$ 5,750,950</u>

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

December 31, 2017

Year	Principal	Interest	Total Requirement
2018	\$ 6,177,136	\$ 1,112,834	\$ 7,289,970
2019	5,005,304	1,593,991	6,599,295
2020	4,839,258	1,572,899	6,412,157
2021	3,363,027	1,608,430	4,971,457
2022	2,982,403	1,569,554	4,551,957
2023	3,066,602	1,510,430	4,577,032
2024	3,135,886	1,446,559	4,582,445
2025	3,205,023	1,383,716	4,588,739
2026	2,999,712	1,314,477	4,314,189
2027	2,974,261	1,255,633	4,229,894
2028	3,043,903	1,195,567	4,239,470
2029	3,128,437	1,131,532	4,259,969
2030	3,018,466	1,066,529	4,084,995
2031	3,088,395	1,006,549	4,094,944
2032	2,988,424	944,620	3,933,044
2033	2,808,390	887,786	3,696,176
2034	2,868,787	835,944	3,704,731
2035	2,929,127	783,016	3,712,143
2036	2,814,576	728,351	3,542,927
2037	2,880,010	678,399	3,558,409
2038	2,945,804	626,429	3,572,233
2039	3,006,591	573,305	3,579,896
2040	2,622,495	519,064	3,141,559
2041	2,673,435	478,249	3,151,684
2042	2,729,661	436,472	3,166,133
2043	2,780,931	393,903	3,174,834
2044	2,837,327	350,531	3,187,858
2045	2,893,816	306,318	3,200,134
2046	2,950,510	261,148	3,211,658
2047	3,012,303	215,130	3,227,433
2048	2,725,000	168,150	2,893,150
2049	2,775,000	127,275	2,902,275
2050	2,835,000	85,650	2,920,650
2051	2,875,000	43,125	2,918,125
	<u>\$ 106,980,000</u>	<u>\$ 28,211,565</u>	<u>\$ 135,191,565</u>

Repayment schedule based upon Water/Wastewater Loans (3) through Bank of North Dakota fully drawn upon. At 12/31/17, only \$15,590,279 of \$73,845,000 limit was outstanding.

CITY OF GRAND FORKS, NORTH DAKOTA

DEBT SERVICE REQUIREMENTS TO MATURITY
SALES TAX REVENUE BONDS

December 31, 2017

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	Requirement
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>\$ 4,500,000</u>	<u>\$ 478,325</u>	<u>\$ 36,305,000</u>	<u>\$ 11,906,200</u>	<u>\$ 53,189,525</u>

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

December 31, 2017

Year	Principal	Interest	Total Requirement
2018	\$ 5,856,480	\$ 2,249,339	\$ 8,105,819
2019	5,542,840	2,067,089	7,609,929
2020	5,134,467	1,886,345	7,020,812
2021	5,245,800	1,718,168	6,963,968
2022	4,219,934	1,529,828	5,749,762
2023	3,923,786	1,379,064	5,302,850
2024	3,607,715	1,255,221	4,862,936
2025	3,506,400	1,140,075	4,646,475
2026	3,410,808	1,024,077	4,434,885
2027	3,219,982	912,093	4,132,075
2028	3,094,240	817,020	3,911,260
2029	2,813,306	723,974	3,537,280
2030	2,753,011	639,796	3,392,807
2031	2,507,533	554,290	3,061,823
2032	2,282,147	476,155	2,758,302
2033	2,061,626	404,333	2,465,959
2034	1,876,652	339,394	2,216,046
2035	1,481,553	279,225	1,760,778
2036	1,116,552	234,475	1,351,028
2037	876,479	202,698	1,079,177
2038	871,854	178,192	1,050,046
2039	867,164	154,064	1,021,228
2040	867,581	129,390	996,971
2041	867,994	104,878	972,872
2042	818,746	80,188	898,934
2043	669,499	57,216	726,715
2044	515,370	38,995	554,365
2045	521,308	25,907	547,215
2046	307,469	12,596	320,065
2047	<u>313,704</u>	<u>6,361</u>	<u>320,065</u>
	<u>\$ 71,152,000</u>	<u>\$ 20,620,447</u>	<u>\$ 91,772,447</u>

Repayment schedule based upon Special Assessment Bond through Bank of North Dakota fully drawn upon. As of 12/31/2017, only \$4,215,385 of \$7,155,000 limit drawn on.

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

December 31, 2017

Year	Business-type Activities		Total Requirement
	Principal	Interest	
2018	\$ 105,650	\$ 32,457	\$ 138,107
2019	285,931	29,919	315,850
2020	290,479	16,144	306,623
2021	219,431	2,826	222,257
	\$ 901,491	\$ 81,346	\$ 982,838

Summary of Individual Bonds as of December 31, 2017

General Obligation Bonds :

\$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	1,285,000
\$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	1,190,000
\$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>2,650,000</u>
Total General Obligation Bonds	<u>\$ 5,125,000</u>

Revenue Bonds :

1997 "B" SRF Loan WWTP - Phase 1; interest and admin at 3.0 percent paid as accrued until completion of project	\$ 860,000
1997 "D" SRF Loan Southend Drainway - Phase 1; interest and admin at 3.0 percent paid as accrued until completion of project	245,000
1998 SRF Loan Southend Drainway - Phase 1; interest and admin at 3.0 percent paid as accrued until completion of project	150,000
2000 "A" SRF Loan Clearwell; interest and admin at 3.0 percent paid as accrued until completion of project	2,105,000
2001 "D" SRF Loan WWTP - Phase 2 interest and admin at 3.0 percent paid as accrued until completion of project	3,325,000
2002 "C" SRF Loan WWTP - Phase 3; interest and admin at 3.0 percent paid as accrued until completion of project	1,680,000
2005 "E" SRF Loan BioSolids; interest and admin at 3.0 percent paid as accrued until completion of project	2,070,000
\$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	1,880,000

\$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	1,795,000
\$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	865,000
\$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	1,955,000
\$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	3,040,000
\$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	7,120,000
\$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	2,415,000
\$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	2,845,000
\$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	785,000
\$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	1,250,208
\$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	4,370,735
\$66,000,000 2017 Bank of North Dakota Water SRF Loan; Annual installments of \$5,000 to \$2,875,000 beginning September, 2020, through September of 2050; Interest at 2.0%; Loan drawn upon as needed through life of project	9,969,336
Total Revenue Bonds	<u>\$ 48,725,279</u>

Sales Tax Revenue Bonds:

\$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	1,645,000
\$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	2,855,000
\$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>36,305,000</u>
Total Sales Tax Revenue Bonds	<u>\$ 40,805,000</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	\$ 402,000
2002 "B" SRF Loan Water Reclamation - Phase 2; interest and admin at 3 percent paid as accrued until completion of the project	520,000
\$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	50,000
\$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	290,000
\$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	1,605,000
\$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	2,765,000
\$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	230,000
\$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	1,570,000
\$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	2,070,000

\$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	1,310,000
\$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	1,835,000
\$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	3,060,000
\$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	1,120,000
\$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	3,780,000
\$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	3,145,000
\$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	7,675,000
\$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	9,145,000
\$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	6,740,000
\$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	6,130,000
\$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 percent; Loan drawn upon as needed through life of project	4,215,385
\$10,555,000 2017 "B" Refunding Improvement Bond; annual installments of \$220,000 to \$485,000 beginning in December 2021 through December 2045; interest at 2.25 to 5.0 percent	10,555,000
Total Special Assessment Bonds	<u>\$ 68,212,385</u>

CITY OF GRAND FORKS, NORTH DAKOTA

SCHEDULE OF INSURANCE IN FORCE

December 31, 2017

<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	07/01/17	06/30/18
Buildings and Contents-Leased Properties State Fire and Tornado Fund	2523	07/01/17	06/30/18
Boiler and Machinery Chubb Group of Insurance Co.	7641-45-41 WUC	02/07/17	02/07/18
Public Officials Error and Omissions Auto Liability and Comp. General North Dakota Insurance Reserve Fund	GL-44031 & BA22431	01/01/17	01/01/18
Equipment Floater North Dakota Insurance Reserve Fund	IM059125	01/01/17	01/01/18
Public Employee Blanket Bond North Dakota Bonding Fund	Bond #2634	Continuous	
Workers Compensation (Minnesota) Acuity	MN COMP X97083	5/16/2017	5/16/2018
Workers Compensation (North Dakota)	48710	1/1/2017	12/31/18
Flood Insurance Vaaler Ins./ American Banker's Insurance Company/Selective Insurance Co. of America 80 policies	Various	4/1/2017	04/01/18
Alerus Center Traveler's / Vaaler Ins.	P-630-3F694973-TIL-17	1/1/2017	12/31/17
Employee Health Insurance NDPERS - Sanford	NP2014-0001 (200014)	7/1/2017	06/30/19

* 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	\$ 125,015
Blanket real and personal property	90%	Replacement value	48,914
Boiler and Machinery		\$75,000,000	23,461
General Liability/Auto Fleet and Public Officials Errors and Omissions		\$2,000,000 per occurrence	442,971
Equipment Floater Robberies inside & outside premises and safe burglary		\$11,188,377 \$622,000	32,771
Blanket Public Employee Bonding		\$2,000,000	- 0 -
Bodily injury		\$100,000 / \$100,000 / \$500,000	3,397
Bodily Injury	\$250		281,109
Flood insurance		\$5,000 / \$5,378,000	176,077
Building Business Personal Property Business Income and Extra Expense Outdoor Property (Signs)	100%	\$128,101,300 \$7,211,400 \$10,374,282 \$731,985	103,216
Employee Health Insurance	<u>PPO Plan</u> Single Deductible \$500 Single Coinsurance \$1,000 Family Deductible \$1,500 Family Coinsurance \$2,000	Unlimited *	4,409,115



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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.

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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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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	\$ 134,554,746
Restricted	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	103,946,775
Unrestricted	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) *	(20,239,365)
Total governmental activities net position	\$ 156,910,263	\$ 168,305,654	\$ 172,773,976	\$ 179,998,357	\$ 186,029,446	\$ 198,309,616	\$ 213,752,650	\$ 209,644,345	\$ 213,915,507	\$ 218,262,156
Business-type activities										
Net investment in capital assets	\$ 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	\$ 302,456,193
Restricted	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	23,622,846
Unrestricted	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 *	20,584,754
Total business-type activity net position	\$ 261,263,115	\$ 262,274,213	\$ 266,704,249	\$ 270,151,318	\$ 280,072,332	\$ 289,436,415	\$ 300,124,995	\$ 303,246,918	\$ 320,560,851	\$ 346,663,793
Primary government										
Net investment in capital assets	\$ 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	\$ 437,010,939
Restricted	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	127,569,621
Unrestricted	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 *	345,389
Total primary government net position	\$ 418,173,378	\$ 430,579,867	\$ 439,478,225	\$ 450,149,675	\$ 466,101,778	\$ 487,746,031	\$ 513,877,645	\$ 512,891,263	\$ 534,476,358	\$ 564,925,949

* 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (36,256,258)
Business-type activities	(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	16,873,147
Total Net Expense	\$ (26,721,668)	\$ (26,622,203)	\$ (31,465,905)	\$ (33,257,583)	\$ (30,269,648)	\$ (23,011,996)	\$ (25,117,886)	\$ (22,398,810)	\$ (26,552,772)	\$ (19,383,111)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 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	\$ 19,526,930
Sales Taxes	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	10,844,182
State aid distribution	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	3,079,446
Franchise Taxes	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	2,580,282
Other Taxes	357,519	347,005	411,570	462,865	496,779	505,662	594,311	891,893	1,136,931	936,753
Investment Earnings	2,405,061	1,421,035	995,961	831,646	999,883	(59,189)	973,515	455,804	701,848	531,193
Gain(loss) on disposition of capital assets	-	-	-	-	-	37	1,000	858,642	35,666	-
Miscellaneous	944,623	1,006,383	763,132	793,701	435,595	245,113	1,448,041	205,898	247,658	1,304,134
Transfers	(130,691)	1,355,715	1,024,095	(91,892)	(1,935,906)	2,590,205	1,998,863	1,401,853	248,937	1,799,987
Total Governmental Activities	31,560,784	31,673,713	31,629,033	32,794,701	33,002,593	37,186,645	41,218,059	39,950,129	37,438,844	40,602,907
Business-type Activities:										
Property tax	732,856	769,353	790,411	811,463	836,047	862,632	920,869	999,737	1,073,660	1,168,530
Sales tax	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	8,536,183
Other taxes	11,351	11,443	15,354	17,825	19,129	19,355	22,787	30,974	28,937	29,280
Investment Earnings	1,968,752	458,365	1,447,283	1,369,837	1,032,021	766,605	1,082,214	848,607	884,722	853,790
Gain (loss) on sale of capital assets	53,542	44,946	95,332	42,227	29,893	625,328	896,373	78,922	24,721	357,964
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	84,035
Transfers	130,691	(1,355,715)	(1,024,095)	91,892	1,935,906	(2,590,205)	(1,998,863)	(1,401,853)	(248,937)	(1,799,987)
Total Business-type Activities	10,197,034	7,354,979	8,735,230	11,134,332	13,219,158	9,085,239	10,031,441	9,856,097	10,699,023	9,229,795
Total Primary Government	\$ 41,757,818	\$ 39,028,692	\$ 40,364,263	\$ 43,929,033	\$ 46,221,751	\$ 46,271,884	\$ 51,249,500	\$ 49,806,226	\$ 48,137,867	\$ 49,832,702
Change in Net Position										
Governmental Activities	\$ 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	\$ 4,346,649
Business-type Activities	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	26,102,942
Total Change in Net Position Primary Government	\$ 15,036,150	\$ 12,406,489	\$ 8,898,358	\$ 10,671,450	\$ 15,952,103	\$ 23,259,888	\$ 26,131,614	\$ 27,407,416	\$ 21,585,095	\$ 30,449,591

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General government	\$ 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	\$ 8,770,125
Highways and streets	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	5,131,354
Public safety	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	3,676,065
Health and welfare	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	2,492,847
Culture and recreation	514,423	760,109	796,423	750,520	689,615	731,181	760,496	789,761	815,582	946,797
Public works/flood protection	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	14,587,996
Subtotal governmental activities	\$ 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	\$ 35,605,184
Business-type activities:										
Sanitation	\$ 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	\$ 10,495,665
Wastewater	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	13,645,009
Water	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	27,645,712
Stormwater	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	5,222,536
Mosquito Control	815,718	796,153	795,191	817,039	827,942	831,741	851,214	895,949	988,532	1,067,995
Public Transit	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	1,555,241
Dial-A-Ride	270,350	328,695	287,680	508,361	350,238	1,447,565	669,006	1,403,731	926,799	1,281,679
Alerus Center	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	4,112,916
Job Development Authority	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	2,141,371
Downtown parking	205,575	230,841	314,013	322,690	483,983	449,013	412,806	342,713	438,711	322,926
Subtotal business-type activities	\$ 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	\$ 67,491,050
Total primary government	\$ 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	\$ 103,096,234

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	\$ 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	\$ 12,777,052
Highways and Streets	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	12,207,703
Public Safety	15,576,655	16,643,635	17,071,913	17,839,004	19,122,732	20,006,011	20,597,566	20,457,799	25,795,308	28,020,466
Health and Welfare	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	3,454,318
Culture and Recreation	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	2,350,886
Public Works	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	8,337,566
Interest on Long-term Debt	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	2,536,774
Sanitation	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	9,295,130
Wastewater	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	9,257,933
Waterworks	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	10,390,400
Stormwater	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	3,511,812
Mosquito Control	741,008	744,112	828,501	799,264	656,754	927,084	849,760	890,242	971,488	861,285
Public Transit	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	2,917,683
Dial-A-Ride	324,481	348,243	386,548	734,313	729,942	1,682,978	1,011,745	1,316,446	1,172,906	1,586,191
Alerus Center	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	9,281,649
Job Development Authority	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	3,119,030
Downtown Parking	512,557	297,545	223,787	237,682	344,326	304,177	436,713	435,199	437,045	396,790
Total	\$ 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	\$ 120,302,668

Table 5

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non-spendable				\$ 28,901	\$ 28,901	\$ 28,901	\$ 28,901	\$ 28,901	\$ 28,901	\$ 51,643
Restricted										
Committed				1,660,676	1,648,730	1,334,361	1,261,728	2,845,595	2,695,281	2,084,078
Assigned				2,216,383	1,857,439	1,808,180	2,293,611	3,009,864	2,821,898	2,548,757
Unassigned				7,694,117	9,088,319	8,742,287	10,187,119	8,204,666	8,520,180	8,647,541
Reserved	\$ 143,486	\$ 9,007	\$ 5,680							
Unreserved	7,962,152	7,840,268	7,756,476							
Total General Fund	\$ 8,105,638	\$ 7,849,275	\$ 7,762,156	\$11,600,077	\$12,623,389	\$ 11,913,729	\$13,771,359	\$ 14,089,026	\$ 14,066,260	\$13,332,019
All Other Governmental Funds										
Non-spendable				\$ 299,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310
Restricted				48,017,485	35,040,253	43,161,656	52,550,073	51,925,748	51,503,373	55,651,890
Committed				1,413,300	3,166,637	3,217,606	3,801,994	4,292,660	4,531,078	4,906,440
Assigned				59,600						
Unassigned				(95,795)						
Reserved	\$ 27,023,570	\$ 29,501,267	\$ 21,884,654							
Unreserved										
Special Revenue Funds	14,118,197	16,584,326	16,910,620							
Capital Projects Funds	3,457,998	3,617,405	4,393,758							
Debt Service Funds										
Total all Other Governmental Funds	\$ 44,599,765	\$ 49,702,998	\$ 43,189,032	\$ 49,694,108	\$ 38,206,890	\$ 46,379,262	\$ 56,352,067	\$ 56,218,408	\$ 56,034,451	\$ 60,558,640

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

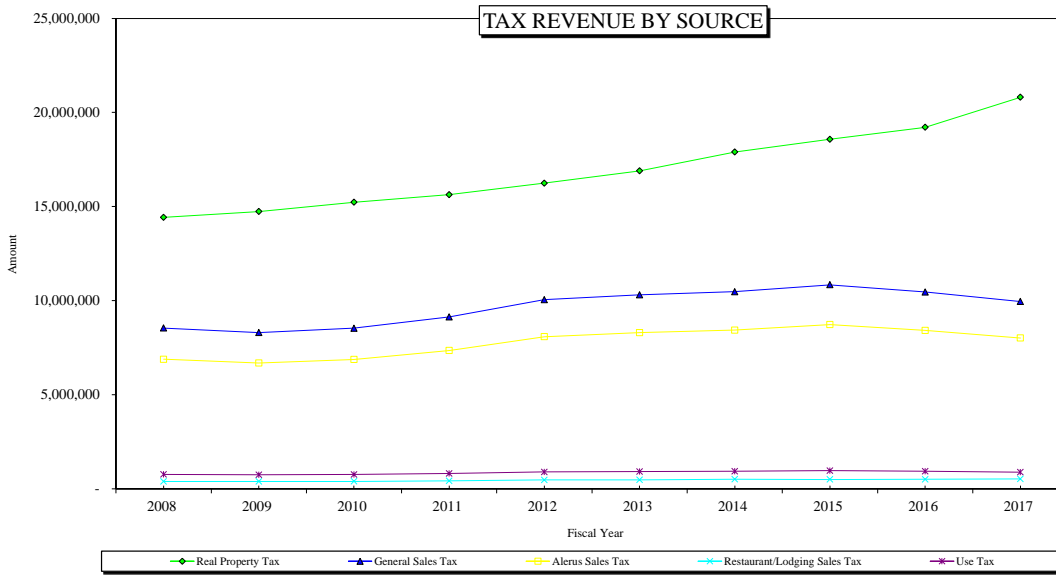
CITY OF GRAND FORKS, NORTH DAKOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 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	\$ 30,371,112
Licenses, fees and permits	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	1,863,331
Intergovernmental	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	11,783,061
Charges for services	5,793,387	5,659,483	5,991,617	6,777,701	6,831,745	7,024,458	6,928,495	7,353,742	7,819,779	8,731,617
Special assessments	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	9,606,183
Fines and forfeitures	849,484	744,003	790,657	819,005	958,635	795,907	805,196	905,661	871,577	928,074
Investment earnings	2,391,195	1,416,436	988,246	827,756	994,534	(57,288)	960,423	454,947	700,740	530,525
Other revenues	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	3,435,049
Total Revenues	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	67,248,952
Expenditures										
General government	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	12,114,982
Health and welfare	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	3,402,647
Public safety	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	21,729,523
Highways and streets	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	6,787,004
Culture & recreation	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	2,331,928
Capital outlay	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	18,910,524
Debt Service:										
Interest & fiscal charges	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	2,636,629
Defeasance costs	-	889,055	261,787	-	-	-	-	-	-	-
Principal	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	10,637,434
Total Expenditures	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	78,550,671
Excess of revenues over (under) expenditures	(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)	(11,301,719)
Other Financing Sources (Uses)										
Proceeds from borrowing	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	14,208,546
Premium on bonds issued	36,489	511,374	-	1,067,093	301,211	371,495	413,692	249,322	308,221	566,908
Discount on bonds issued	-	-	(98,354)	-	-	-	-	-	-	-
Proceeds from refunding	8,730,000	7,560,000	2,930,576	12,950,000	(12,230,000)	-	-	-	2,735,000	-
Redemption of refunded bonds	-	(8,805,945)	(12,030,000)	(11,570,604)	-	-	-	-	(860,000)	-
Sale of capital assets	531,842	140,583	387,269	38,259	112,453	386,698	100	2,252,851	369,424	73,260
Transfers in	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	8,427,337
Transfers out	(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)	(8,184,384)
Total other financing sources (uses)	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	15,091,667
Net change in fund balances	\$ 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)	\$ 3,789,948
Debt Service as a percentage of noncapital expenditures	25.12%	25.70%	22.41%	21.96%	27.22%	17.61%	18.77%	19.87%	19.67%	21.18%

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
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
2016	2017	8,015,265	520,918	9,957,788	886,394	19,380,365	1,162,738,041	20,813,101



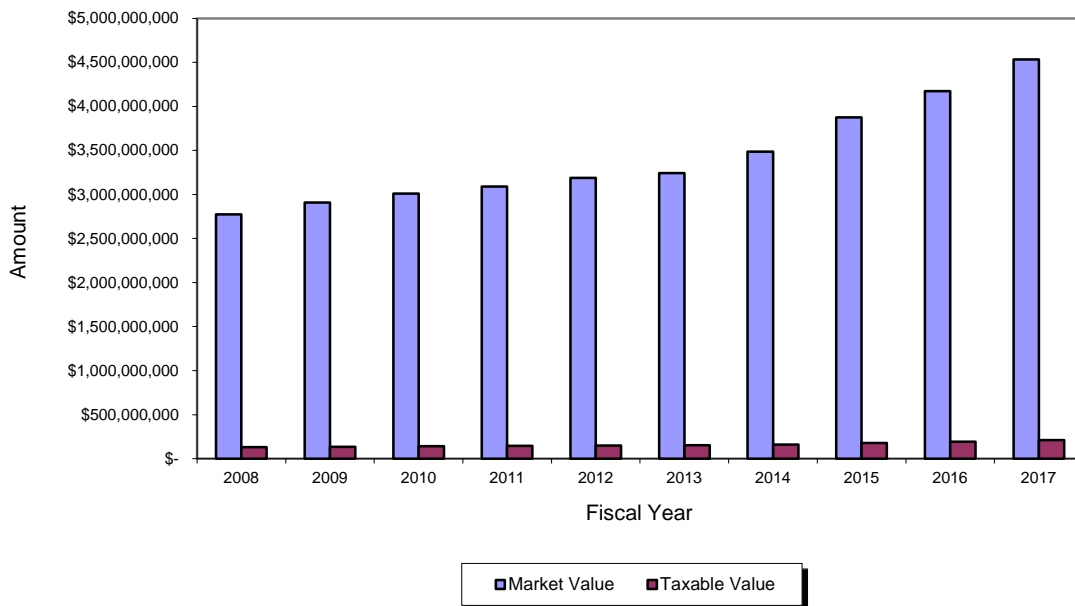


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FOR NOTES

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 *
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%
2017	2,267,112,048	4,534,224,096	50.0%	210,658,918	1.28%	1.42%

**TAXABLE VALUE
 COMPARED TO MARKET VALUE**



* Reflects all taxing entities

Property Value

Year	Commercial	Residential	Agricultural	Public Utilities	Tax Increments	Total Estimated Market Value
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
2017	1,866,291,000	2,586,681,700	1,390,600	79,860,796	-	4,534,224,096

CITY OF GRAND FORKS, NORTH DAKOTA
 PROPERTY TAX LEVY AND COLLECTION
 LAST TEN FISCAL YEARS

Levy Year(1)	Total		Current Tax Collected	Percent of Levy Collected
	Tax Levy	Discounts		
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%
2016	20,813,101	807,977	19,795,927	99.0%

(1) Collection year is one year later
 (i.e., Levy Year 2016 Collection Year 2017)

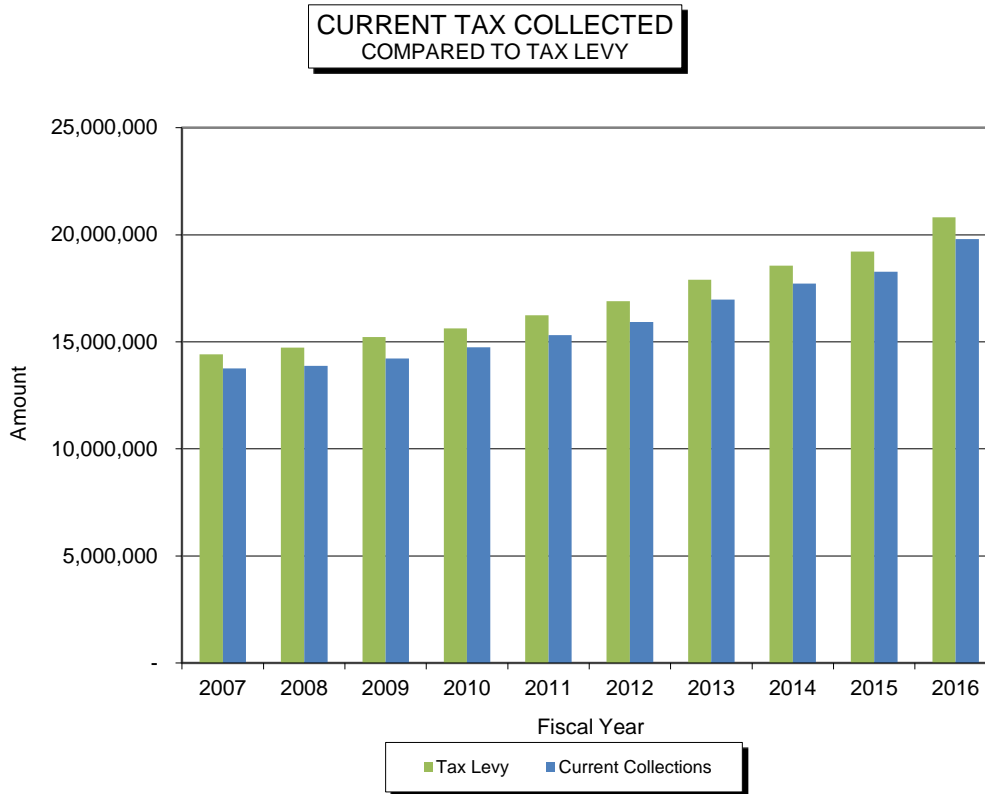
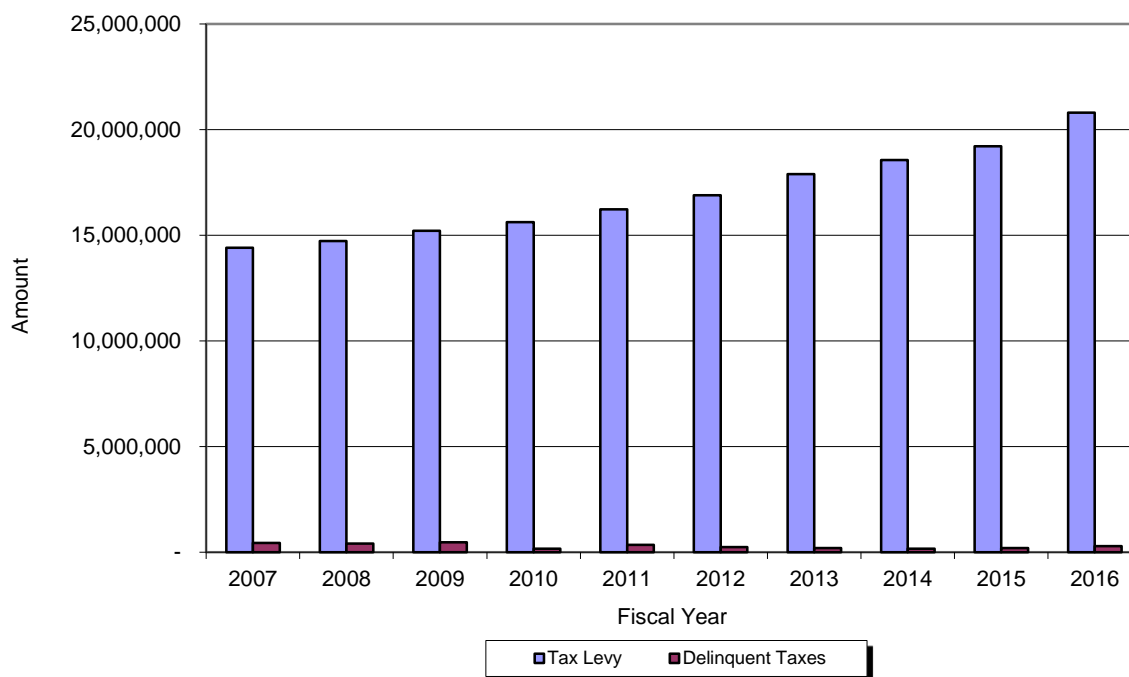


Table 9 (con't)

Levy Year	Delinquent Tax Collection	Total Collection	Total Collection as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
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%
2016	188,692	19,984,619	96.0%	295,572	1.48%

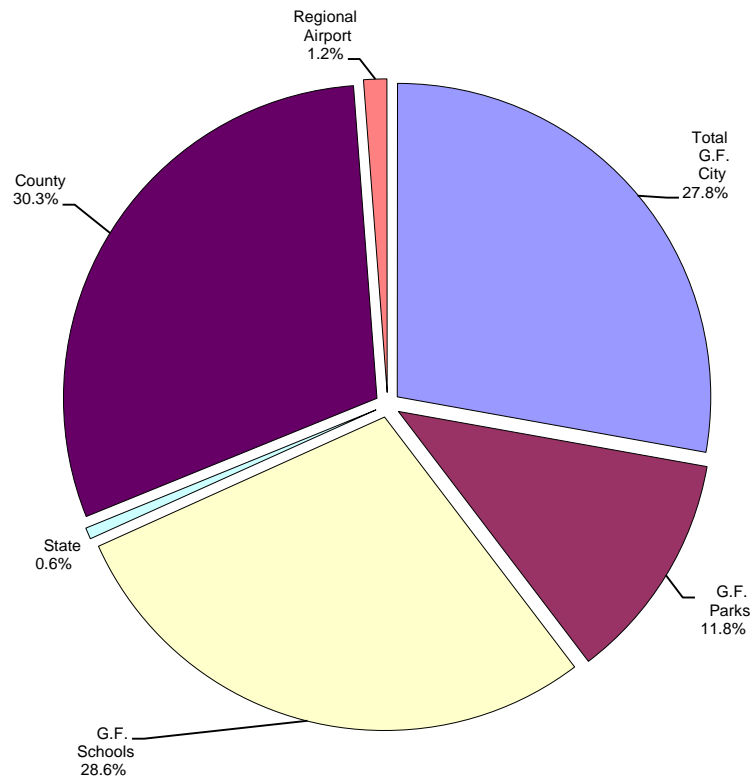
**DELINQUENT TAXES
COMPARED TO TAX LEVY**



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		G.F. Parks	G.F. Schools	State	County	Regional Airport	Total
			Svc Funds	Public Trans	G.F. City	G.F. City						
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	
2017	66.58	17.03	5.34	5.76	94.71	40.28	97.36	2.00	101.98	4.09	340.42	

SHARE OF MILL LEVY
2017



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

Taxpayer	2016 Values (2017 collections)			2006 values (2007 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	\$ 2,705,385	1	1.28%	\$ 1,180,635	3	0.91%
Altru Health System ⁽¹⁾	2,547,840	2	1.21%	605,835	5	0.47%
Wal-Mart Real Estate Business Trust ⁽²⁾	2,104,345	3	1.00%	591,180	6	
Columbia Grand Forks, LLC	1,632,460	4	0.77%			
Campus Crest at Grand Forks LLC	1,172,165	5	0.56%			
Sterling Properties LLLP	1,157,518	6	0.55%			
Menard, Inc.	1,047,905	7	0.50%			
Sterling Pointe Apartments, LLP	1,017,390	8	0.48%			
LM Wind Power Blades (ND) Inc.	983,930	9	0.47%			
Canad Inns	921,100	10	0.44%			
				1,568,415	1	1.21%
Metropolitan Life Insurance Co.				1,359,177	2	1.04%
Northern States Power Co				780,823	4	0.60%
US West				479,325	7	0.37%
J R Simplot				534,020	8	0.41%
Dayton-Hudson Corporation				332,210	9	0.26%
Grand Forks Associates Limited Partnership				213,170	10	0.16%
United Health Resources						
	<u>\$ 15,290,038</u>		<u>7.26%</u>	<u>\$ 7,644,790</u>		<u>5.42%</u>
2016 Total Taxable Value	\$ 210,658,918					
2006 Total Taxable Value	\$ 130,066,082					

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.

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)
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
2017	29	22,824,499	289	44,644,894

(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		Industrial Development Bonds	Revenue Bonds	Notes	Leases	Sales Tax Revenue					SRF Loans	Leases	Notes
			Bonds	Bonds					Bonds	Bonds						
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	3.55%	2,759.59		
2017	5,365,174	70,095,673	4,830,524	-	386,155	-	28,686,671	41,742,007	20,404,336	771,326	901,491	173,183,357	not available	2,892.66		

Note: Details regarding the City's debt can be found in the notes to the financial statements.

Population 59,870

CITY OF GRAND FORKS, NORTH DAKOTA

RATIO OF NET GENERAL OBLIGATION (GO) 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 Net GO Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2008	55,136	1,387,122,180	21,414,622	8,946,867	12,467,755	0.90%	226.13
2009	55,691	1,455,060,580	13,565,270	1,121,472	12,443,798	1.00%	223.44
2010	52,838	1,505,275,380	12,516,330	768,833	11,747,497	1.00%	222.33
2011	52,838	1,545,638,480	13,760,552	2,815,748	10,944,804	1.00%	207.14
2012	54,358	1,595,003,090	10,457,200	337,984	10,119,216	1.00%	186.16
2013	56,262	1,620,801,900	9,483,848	125,388	9,358,460	1.00%	166.34
2014	58,012	1,743,501,150	8,470,497	218,609	8,251,888	0.00%	142.24
2015	58,766	1,938,089,950	7,432,145	307,229	7,124,916	0.00%	121.24
2016	59,299	2,086,141,789	8,483,130	2,554,915	5,928,215	0.00%	99.97
2017	59,870	2,267,112,048	5,365,174	824,245	4,540,929	0.00%	75.85

Notes:

(1) 2008-2009, 2011-2017 are estimated population provided by GF/EGF Metropolitan Planning Organization. 2010 source is US Census.

CITY OF GRAND FORKS, NORTH DAKOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2017

<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	\$ 5,365,174	100.0%	\$ 5,365,174
Debt Supported by Special Assessments	70,095,673	100.0%	70,095,673
Debt Supported by Sales Tax Revenue	4,830,524	100.0%	4,830,524
Total Direct Debt			<u>80,291,371</u>
Overlapping Debt:			
Grand Forks School District	29,224,517	95.0%	27,760,687
Grand Forks County	11,065,000	74.1%	8,198,900
Grand Forks Park District	12,755,000	100.0%	<u>12,755,000</u>
Total Overlapping Debt			<u>48,714,587</u>
Total Direct and Overlapping Debt			<u>\$ 129,005,958</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 113,355,602
Total net debt applicable to limit	21,414,622	13,565,270	12,516,330	13,760,552	10,457,200	9,483,848	8,470,497	7,432,145	8,483,130	5,365,174
Legal debt margin	<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>	<u>\$ 107,990,428</u>
Total net debt applicable to the limit as a percentage of debt limit	30.88%	18.65%	16.63%	17.81%	13.11%	11.05%	9.72%	7.67%	8.13%	4.73%

Note: Under State law, the City's outstanding general obligation debt should not exceed 5% 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, 2017

<u>Market Value</u>		<u>\$ 4,534,224,096</u>
Debt Limit - 5% of 50% of Market Value		\$ 113,355,602
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	\$ 5,125,000	
Unamortized Premium/Discount	<u>240,174</u>	
Bonded Debt		<u>5,365,174</u>
Legal Debt Margin		<u>\$ 107,990,428</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	
2008 (4)	\$ 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	2,730	1,255	333	1,588	1.72
2013	9,646	6,515	3,130	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
2017	12,044	7,397	4,647	1,440	287	1,727	2.69

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
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	4,527	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
2017	10,188	5,213	4,976	3,010	576	3,586	1.39

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	
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
2017	9,974	5,839	2,090	7,930	1.26

(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⁾
2008	55,136	3,642,152	37,130	7,000	12,748	2.8%
2009	55,691	3,530,746	36,050	6,904	13,172	3.6%
2010	52,838	3,714,282	37,662	6,774	14,194	3.3%
2011	53,502	3,961,344	40,342	6,823	14,697	3.6%
2012	54,358	4,376,314	44,121	6,830	15,250	3.4%
2013	56,200	4,498,878	44,563	7,013	15,143	2.9%
2014	58,277	4,566,068	44,940	7,158	14,906	2.7%
2015	59,031	4,691,123	45,890	7,301	14,951	2.3%
2016	59,299	4,887,799	47,573	7,338	14,648	2.2%
2017	59,870	Not Available	Not Available	7,470	14,406	2.1%

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	2017			2008		
	Employees	Rank	Percentage of Total City Employment (6)	Employees	Rank	Percentage of Total City Employment
University of North Dakota ⁽¹⁾⁽³⁾	4,055	1	12.39%	6,241	1	20.11%
Altru Health System	4,200	2	12.84%	3,860	2	12.44%
Grand Forks Air Force Base ⁽²⁾	1,300	3	3.97%	2,555	3	8.23%
Grand Forks School District ⁽³⁾	1,100	4	3.36%	1,300	4	4.19%
LM Wind Power (USA), Inc. ⁽⁴⁾	1,000	5	3.06%	900	5/6	2.90%
Valley Memorial Home	778	6	2.38%	662	7	2.13%
City of Grand Forks ⁽⁵⁾	499	7	1.53%	492	8	1.59%
Hugo's (4 locations) ⁽⁵⁾⁽⁵⁾	450	8	1.38%	900	5/6	2.90%
J. R. Simplot	440	9	1.34%	390	10	1.26%
Alerus Financial ⁽⁵⁾	400	10	1.22%			
Walmart				450	9	1.45%
	<u>14,222</u>		<u>43.47%</u>	<u>17,750</u>		<u>57.20%</u>

1) Includes full and part time employees. 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) 2017 data is for Grand Forks locations only. 2007 data is for all locations

6) 2017 Total Labor Force of 32,716. 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	98.15	97.15	97.15	95.85	94.85	95	96.45	101.60	101.90	102.03
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Development	8.45	7.75	4.58	5.30	5.35	4.98	4.98	2.55	1.20	1.20
Housing Authority	12.00	12.75	8.50	8.20	6.60	0.00	0.00	0.00	0.00	0.00
Public Health	33.65	33.15	32.65	33.35	33.35	32.93	36.56	37.36	36.03	43.92
Public Safety										
Police										
Officers	79.00	79.00	82.00	82.00	82.00	82.00	82.00	82.00	84.00	88.00
Civilians	15.00	15.00	16.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00
Fire										
Firefighters and officers	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	75.00	75.00
Civilians	3.00	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	17.00	17.00	17.00	18.00	19.00
Municipal Court	4.30	4.30	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	35.85	35.85	35.85	35.65	36.85	36.85	35.41
Culture and recreation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.63
Permanent flood protection	1.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sanitation	37.81	37.81	37.81	37.58	37.58	37.58	37.66	37.84	37.06	36.65
Wastewater	23.21	23.21	24.21	23.48	23.48	22.73	22.76	21.82	21.79	21.23
Waterworks	30.06	30.21	30.21	30.03	30.03	30.03	28.06	27.13	28.35	27.85
Stormwater	4.62	5.62	5.62	5.66	5.66	5.41	5.47	5.76	6.10	6.18
Public Transit	21.80	21.80	22.00	22.00	22.00	21.55	21.55	21.50	21.50	20.95
Dial-A-Ride	0.60	0.60	0.60	0.60	2.60	3.55	3.55	3.55	3.55	3.55
Alerus					18	21	20	21	18	18
Job Development Authority	4.60	4.20	3.60	3.30	3.15	3.18	3.18	3.35	3.25	4.55
Downtown Parking	0.00	0.00	0.25	0.20	0.20	0.20	0.00	0.20	0.60	0.60
Total Authorized Positions	493.95	492.25	488.68	485.70	503.00	499.29	501.17	505.81	517.48	528.05

Source: City's Human Resources Department

**CITY OF GRAND FORKS, NORTH DAKOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function	2008	2009	2010	2011
General Government				
Building permits issued	1,282	1,524	1,682	1,480
Value of Permits issued	\$ 81,594,739	\$ 80,847,912	\$ 82,175,820	\$ 144,053,797
Number of Business License Issued	1,504	1,520	1,506	1,473
Police				
Priority 1 Calls Average Response Time	3 Min. 12 sec.	3 Min.3 sec.	2 Min. 55 Sec.	3 Min. 12 Sec.
Number of 911 Calls ⁽¹⁾				20,261
Incidents Requiring 911 Assistance	65,263	64,210	64,447	67,517
Fire				
Emergency responses	3443	3,481	3,590	3,688
Average response time in minutes	4.3 Min	4.0 Min	3.86 Min	4.01 Min
Health				
Percent of Nuisance Complaints resolved within 30 days	99.1%	97.68%	97.65%	97.35%
Number of times sprayed	13	7	18	9
Culture and Recreation				
Alerus Center Attendance	289,441	248,556	203,753	224,687
Alerus Center Number of Events	577	518	492	567
Waterworks				
Number of customers	13,740	13,849	13,966	14,055
New connections	62	74	97	110
Watermain breaks	44	46	26	34
Average daily consumption(MGD)	8.0	8.0	7.8	7.9
Peak daily consumption (MGD)	11.0	10.6	11.1	11.0
Sanitation				
Number of customers	12,339	12,457	12,584	12,687
Landfill (tons)	95,921.77	88,049.63	87,162.00	96,372.00
Recycled Materials (tons)	2,205.03	2,318.87	2,397.00	2,470.00
Wastewater				
Number of customers	13,496	13,608	13,713	13,807
Average daily sewage treatment (MGD)	7.00	7.00	7.00	7.00
Public Transit				
Ridership - City Bus	257,816	271,451	282,627	328,880
Ridership - Dial-A-Ride	39,725	38,502	40,241	39,122
Ridership - Senior Rider	20,328	23,128	24,999	22,296
Job Development Authority				
Businesses Assisted	5	2	3	4
New Jobs Projected in 2 years	66	32	47	159

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 2017, this number breaks into: Inert Waste - 36,144 total (8,123 City of Grand Forks generated, 28,020 tons private haulers in the region; Municipal Solid Waste - 60,238 tons (35,407 City of Grand Forks generated, 24,831 from regional customers)

Fiscal Year						
	2012	2013	2014	2015	2016	2017
	1,506	1,579	1,727	1,816	1,981	1,948
\$	127,729,350	\$ 212,067,083	\$ 368,599,640	\$ 203,309,401	\$ 140,940,924	\$ 133,766,938
	1,674	1,657	1,904	1,905	1,113	1,172
	2Min. 57 Sec.	3Min. 27 Sec.	3Min. 49 Sec.	3Min. 58 Sec.	4Min. 03 Sec.	4 Min. 44 sec.
	21,884	22,892	22,947	24,023	24,365	24,086
	75,917	72,322	73,337	74,380	81,441	87,587
	4,087	4,005	4,254	4,286	4,995	5,510
	3.61 Min.	3.69 Min.	4.53 Min.	4.35 Min.	4.30 Min.	4.26 Min.
	97.50%	95.70%	97.80%	96.01%	95.98%	100.00%
	0	14	19	14	22	5
	245,582	205,767	203,475	170,576	188,328	184,822
	564	495	469	390	489	326
	14,200	14,312	14,619	14,821	14,975	15,127
	151	154	215	204	162	139
	36	30	25	53	51	58
	7.4	7.8	7.7	7.9	7.6	7.9
	12.0	12.3	11.3	9.5	9.9	11.3
	12,804	12,913	13,128	13,315	13,492	13,539
	86,554.00	91,219.00	97,644.00	94,828.00	98,625.00	96,382.00
	2,672.00	2,923.00	3,016.00	2,996.00	2,380.00	2,063.00
	13,937	14,038	14,319	14,506	14,669	14,757
	6.80	6.87	6.83	6.80	6.88	6.83
	371,242	364,317	346,673	336,652	317,992	280,289
	35,358	33,041	34,602	35,553	32,337	33,079
	19,854	19,485	19,733	19,195	16,026	19,828
	5	4	7	3	2	4
	118	61	82	42	18	15

CITY OF GRAND FORKS, NORTH DAKOTA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Buildings & Structures	11	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	20.49	20.51	26.01	26.09	26.86	27.08	27.31
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Units	20	20	20	20	22	22	22	22	22	22
Fire										
Stations	3	4	4	4	4	4	4	4	4	4
Training Facilities (including 4 mobile units)	3	3	5	5	5	5	5	5	7	7
Aerial Trucks	2	2	2	2	2	2	2	2	2	2
Pumpers	6	6	6	6	6	6	6	6	7	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										
Mobile Command Post	1	1	1	1	1	1	1	1	1	1
Special Operations Trailers	4	4	4	4	4	4	4	4	5	5
Fire Prevention Vehicle	-	-	-	-	-	1	1	1	3	3
Highways and Streets										
Paved Streets (miles)	190.35	235.33	235.62	235.96	236.45	237.70	241.09	245.28	246.83	251.05
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	4150	4150	4150	4200	4200	4200	4200	4800	4976	5059
Traffic Signals	60	60	60	60	60	60	60	61	63	62
School Crossing Signals	25	25	25	25	25	25	25	25	25	26
Street Sweepers	4	4	4	4	4	4	4	4	5	5
Snow Plows	4	4	4	4	4	4	4	4	4	4
Motor graders	7	7	7	7	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾	7 ⁽⁴⁾
Payloaders	5	5	5	5	6 ⁽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)	800	800	800	800	800	800	800	800	800	800
Boat Ramps	2	2	2	2	2	2	2	2	2	2
Bikepaths (miles)	41	41	41	41	41	41	41	42.34	42.78	42.78

Function/Program	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Sanitation											
Collection Trucks-Side Load	7	7	7	6	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	5	5	5	5	5	5	
Water											
Water mains (miles)	233.86	329.64	331.67	331.67	236.5 ⁽²⁾	263.37	266.42	269.01	270.91	276.64	
Fire Hydrants	2523	2514	2518	2528	2952 ⁽³⁾	2958	3000	3000	2903	2903	
Water Storage Facilities	7	7	7	7	7	7	7	7	8	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)	155.9	156.45	156.16	156.16	173	173.84	175.81	177.06	177.5	181.0	
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	42	42	43	43	42	43	43	45	41	43	
Stormwater											
Storm sewers (miles)	102.4	187.92	187.92	187.92	195	207.89	212.1	214.42	215.85	221.92	
Lift Stations	12	12	12	12	12	12	12	12	12	13	
Flood Stations	12	12	12	12	12	12	12	12	12	12	
Public Transit											
35' Bus - Diesel/Electric Hybrid	0	0	0	2	2	2	2	2	2	2	
35' Bus - Diesel	4	4	4	3	3	3	3	3	3	3	
29' Bus	2	2	2	2	2	2	2	2	2	2	
People Mover	4	4	4	3	3	3	3	3	4	4	
Trolley	1	1	1	1	1	1	0 ⁽¹⁾	0	0	0	
Senior Rider/Dial-A-Ride Vehicles	5	5	5	5	9	9	9	10	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, 2017

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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, 2017, 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 7, 2018.

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 7, 2018



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, 2017. 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 \$2,681,758 in federal awards. These awards are not included in the City's schedule during the year ended December 31, 2017. 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, 2017.

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 7, 2018, 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 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 7, 2018

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/ Program Title	Federal CFDA Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Department of Transportation				
Federal Transit Administration				
Transit Services Programs Cluster				
Pass Through NDDOT:				
NDDOT #38-161-170 Elderly & Persons with Disabilities Program/Capital	20.513	130,254	\$ 89,341	
NDDOT #38-171-104 Elderly & Persons with Disabilities Program	20.513	74,345	<u>37,134</u>	
Total Transit Services Programs Cluster				\$ 126,475
Federal Transit Cluster				
Direct Programs:				
ND-04-0020-00 Vets Comm & Transportation Living Initiative	20.500	2,157,651	282,885	
FTA Operating & Capital Assistance ND-90-4104	20.507	1,213,895	53,899	
FTA Operating & Capital Assistance ND-2018-001-00	20.507	1,277,915	1,277,915	
Pass Through NDDOT:				
NDDOT #38-150-113A Federal Transit Capital Investment Grants	20.500	269,423	<u>14,288</u>	
Total Federal Transit Cluster				1,628,987
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	13,217	
BRU-6-002(101)911 (Sorlie Bridge Maintenance)	20.205	5,157,879	1,106,998	
NHU-6-986(105)109 (Columbia Road 11th-14th Ave S)	20.205	4,803,000	650,000	
NHU-6-986(116)120 (Columbia Road 40th-47th Ave S)	20.205	3,920,000	3,842,845	
NHU-6-297(008)000 (Paving Repair Demers Ave 129 to 5th Ave S)	20.205	4,465,619	3,951,420	
SU-SS-6-081 (092)945 (Seal Coat Hwy 81)	20.205	215,059	28,070	
TAU-6-297(010)000 (Shared Use Path Demers Ave)	20.205	203,000	203,000	
TAU-6-986(118)122 (Shared Use Path Demers Ave)	20.205	87,000	93,312	
HEU-6-081(088)940 (Pedestrian Countdown Signal Heads)	20.205	25,004	<u>25,004</u>	
Total Highway Planning and Construction Cluster				9,913,866
National Highway Traffic Safety Administration				
Pass Through North Dakota Dept. of Transportation				
Highway Safety Cluster				
NDDOT 12-161-856-1	20.616	12,000	8,303	
NDDOT 12-161-856-2	20.616	12,000	9,103	
NDDOT 12-161-856-3	20.616	10,000	9,509	
NDDOT 12-161-856-4	20.616	6,000	5,395	
NDDOT 12-171-357-1	20.616	12,000	4,507	
NDDOT 12-171-357-2	20.616	22,000	287	
NDDOT 12-171-357-3	20.616	10,000	<u>3,164</u>	
Total Highway Safety Cluster				<u>40,268</u>
Total Department of Transportation				<u>11,709,596</u>

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, 2017

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				
B-16-MC-38-0002	14.218	330,877		8,101
B-17-MC-38-0002	14.218	371,429		281,785
Program Income - Revolving Loan Fund	14.218			190,484
Program Income - Supplemental	14.218			407,481
Total Community Development Block Grants - Entitlement Grants Cluster			697,367	887,851
Pass Through North Dakota Dept of Commerce/DCS				
Program Income - Admin.	14.239			14,259
4230-M16-12	14.239	335,000		91,412
Recaptured Funds	14.239			33,940
Total CFDA 14.239				139,611
Total Department of Housing & Urban Development				1,027,462
Department of Health & Human Services				
Pass Through N.D. Department of Health				
Maternal and Child Health Care/Nutrition				
G15.542	93.994	105,000		72,895
G17.436	93.994	80,000		17,363
Total CFDA 93.994				90,258
Aid to Local Public Health Units				
15.141	93.U05	398,185		99,547
17.157	93.U05	414,991		181,872
Total CFDA 93.U05				281,419
Communicable Disease Control				
PF15.278	93.940	4,000		2,124
ND Chronic Disease				
G15.939	93.758	25,000		21,498
G17.431	93.758	22,000		451
Total CFDA 93.758				21,949
Immunization Initiative Grant				
15.431A	93.268	35,924		7,462
15.103	93.539	35,485		17,827
Tobacco Prevention & Control				
G15-66A	93.283	282,888		118,106
G15-95	93.283	68,444		34,222
G17.117A	93.283	235,013		132,342
Total CFDA 93.283				284,670
West Nile Virus Surveillance				
15.1099	93.323	3,500		3,500
Emergency Preparedness & Response				
15.718	93.069	213,875		107,178
15.732	93.069	5,737		5,154
17.019	93.069	5,661		1,145
17.042	93.069	213,875		100,768
Total CFDA 93.069				214,245

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, 2017

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				
PF15.155B	93.917	55,000		11,780
G15.1066	93.917	55,000		<u>55,000</u>
Total CFDA 93.917				66,780
Tuberculosis Control				
PF15.263	93.117	9,299		9,299
Syringe Services Program				
G17.570	93.940	10,000		9,853
Workplace Breastfeeding Support Project				
G16.1004	93.U01	5,000		5,000
Women's Way Grant				
PF15.208A	93.752	119,870		68,461
PF17.030	93.898	113,770		62,633
Pass Through N.D. Department of Human Services				
North Dakota Substance Abuse Prevention Community Grant				
810-10631	93.U02	29,169		29,167
810-10870	93.U02	69,993		<u>12,726</u>
Total CFDA 93.U02				41,893
Medicaid Cluster				
Health Tracks (formerly Early Prevention Screening Program) 1/1/17-12/31/17	93.778	86,392		86,392
Opioid STR Community Grant	93.U03	180,000		90,000
Refugee Health Services				
2017-HP6	93.566	13,120		12,783
2018-HP6	93.566	10,000		792
Refugee Interpreter Services				
2017-CMA2	93.566	4,420		<u>1,354</u>
Total CFDA 93.566				14,929
Pass Through National Association of County & City Health Officials				
Accreditation Support Initiative for Local Health Department (ASI)				
2016-10722	93.U04	15,000		<u>15,000</u>
Total Department of Health & Human Services				<u>1,393,694</u>
Department of Interior, Fish & Wildlife Service				
Pass Through North Dakota State Historical Society				
38-16-141296-28 FY0216	15.904	26,105		17,443
38-16-141296-28 FY2017	15.904	31,545		<u>8,000</u>
Total CFDA 15.904				25,443
Total Department of Interior, Fish & Wildlife Service				<u>25,443</u>
Department of Justice-Office of Justice Programs				
Pass Through ND State Office of Attorney General				
Bullet Proof Vest Program	16.607	73,809		7,735
2014-WE-AX-0044 (CVIC)	16.590	300,000	113,606	113,606
COPS Hiring Program				
2017-UM-WX-0161	16.710	500,000		195,018
HIDTA 59316-GF	95.001	282,916		84,198
HIDTA 59317-GF	95.001	282,916		<u>11,340</u>
Total CFDA 95.001				95,538
COPS Hiring Program				
2017-UM-WX-0161	16.738	100,600		82,623
2017-DJ-BX-0360	16.738	20,616		3,861
16215 City of Grand Forks/Light of Hope (CVIC)	16.738	9,100	9,100	<u>9,100</u>
Total CFDA 16.738				95,584

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, 2017

Federal Grantor/ Program Title	Federal CFDA Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Pass Through ND Department of Health				
G15.915	16.588	22,339	13,300	13,300
G17.485	16.588	16,267	2,923	<u>2,923</u>
Total CFDA 16.588				<u>16,223</u>
Total Department of Justice				<u>523,704</u>
Department of Homeland Security				
Pass Through North Dakota Dept of Emergency Services				
HOMELAND SECURITY/#A0457-001-2016-RQ	97.067	119,300		64,125
HOMELAND SECURITY/#A0457-002-2015-RT	97.067	55,000		26,912
HOMELAND SECURITY/#A0457-002-2016-RT	97.067	14,000		1,401
HOMELAND SECURITY/#A0461-003-2015-RQ	97.067	46,010		21,375
HOMELAND SECURITY/#A0461-001-2016-RQ	97.067	38,030		4,924
HOMELAND SECURITY/#A0461-002-2015-RE	97.067	14,000		4,021
HOMELAND SECURITY/#A0461-001-2015-RT	97.067	85,586		35,866
HOMELAND SECURITY/#A0461-003-2016-RT	97.067	54,850		30,168
HOMELAND SECURITY/#A0457-001-2015-RQ	97.067	90,900		<u>56,333</u>
Total CFDA 97.067				<u>245,125</u>
Total Department of Homeland Security				<u>245,125</u>
Department of Commerce				
Economic Development Cluster				
Project 05-19-59026 Revolving Loan Funds	11.307	1,559,824		<u>1,293,116</u>
Total Economic Development Cluster				<u>1,293,116</u>
Total Department of Commerce				<u>1,293,116</u>
North Dakota Industrial Commission				
Drinking Water State Revolving Loan Fund				
EPA Capitalization Grant	66.468	66,000,000		<u>13,661,360</u>
Total North Dakota Industrial Commission				<u>13,661,360</u>
Total Expenditures of Federal Awards			<u>\$ 836,296</u>	<u>\$ 29,879,500</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, 2017

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award grant activity of the City of Grand Forks under programs of the federal government for the year ended December 31, 2017. 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 reimbursement. 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, 2017. Current year loan expenditures were \$9,969,336. These loan balances outstanding, except for the current year loan expenditures for the EPA Capitalization Grant, 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		\$ 245,000
Loan #380800-02		150,000
Loan #380806-01(01)		860,000
Loan #380806-01(02)		3,325,000
Loan #1800410-01		2,105,000
Loan #380806-01 (03)		1,680,000
Loan #380806-02		2,070,000
Loan #1800410-03		9,969,336

CITY OF GRAND FORKS, NORTH DAKOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 Program Income

As of December 31, 2017, the City of Grand Forks earned \$407,481 in program income from its CDBG Emergency Supplemental Appropriation Grant, \$190,484 in program income from its CDBG Revolving Loan Fund, and \$14,259 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.

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 no
Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified that are not considered to be material weaknesses? yes 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 no

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

14.218 – Community Development Block Grants/Entitlement Grants
66.468 – Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$896,385

Auditee qualified as low-risk auditee? 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, 2017

No prior audit findings were required to be reported.