

**PARK DISTRICT OF THE CITY OF GRAND FORKS  
GRAND FORKS, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**ROSTER OF DISTRICT OFFICIALS**  
**AS OF DECEMBER 31, 2017**

Jay Panzer	President
Greg LaDouceur	Vice-President
Paul Barta	Board Member
Tim Skarperud	Board Member
Molly Soeby	Board Member
Bill Palmiscno	Executive Director

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Park District of the City of Grand Forks  
Grand Forks, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the discretely presented component unit of the Park District 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 Park District of the City of Grand Forks' basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the discretely presented component unit of the Park District of the City of Grand Forks, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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, the schedule of the District's contributions to NDPERS/ single employer plans, schedule of District's and non-employer proportionate share of the net pension liability, schedule of changes in the District's net pension liability and related ratios, and budgetary comparison 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 Park District of the City of Grand Forks' financial statements. The combining general fund statements and Statement of Financial Position and Statement of Activities – Foundation Component Unit are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining general fund statements and Statement of Financial Position and Statement of Activities – Foundation Component Unit 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. The 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 general fund statements and Statement of Financial Position and Statement of Activities – Foundation

Component Unit are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018 on our consideration of the Park District of the City of Grand Forks' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park District of the City of Grand Forks' internal control over financial reporting and compliance.



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

March 23, 2018

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

The discussion and analysis of the Park District of the City of Grand Forks' (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017 with comparisons for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$42,960,087 (net position). Of this amount, \$5,334,398 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The change in net position was an increase of \$1,298,114.
- Total liabilities were \$48,535,529 at December 31, 2017. This is a decrease of \$1,512,622 from the balance at December 31, 2016. This result was due to increases in net pension liabilities and payments of bonds payable.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**Reporting on the District as a Whole**

*Statement of Net Position and the Statement of Activities*

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in net position. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the District's activities are reported as Governmental Activities and Business Type Activities.



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

*Governmental Fund*

The presentation for the District's general fund focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our District users. The relationship (or differences) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

**The Park District of the City of Grand Forks as a Whole**

Recall that the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2017 and 2016:

**Table 1**  
**Statement of Net Position**  
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current and Other Assets	\$ 6,172,209	\$ 8,121,824	\$ 14,294,033
Capital Assets, Net	<u>42,196,902</u>	<u>33,420,692</u>	<u>75,617,594</u>
<i>Total Assets</i>	<u>48,369,111</u>	<u>41,542,516</u>	<u>89,911,627</u>
<b>Deferred Outflows of Resources</b>	<u>1,879,821</u>	<u>-</u>	<u>1,879,821</u>
<b>Liabilities</b>			
Current Liabilities	625,402	303,358	928,760
Long-Term Liabilities:			
Due within One Year	1,640,089	1,462,000	3,102,089
Due in more than One Year	<u>22,727,476</u>	<u>21,777,204</u>	<u>44,504,680</u>
<i>Total Liabilities</i>	<u>24,992,967</u>	<u>23,542,562</u>	<u>48,535,529</u>
<b>Deferred Inflows of Resources</b>	<u>295,832</u>	<u>-</u>	<u>295,832</u>
<b>Net Position</b>			
Net Investment in Capital Assets	23,217,657	10,367,026	33,584,683
Restricted	2,617,573	1,423,433	4,041,006
Unrestricted	<u>(875,097)</u>	<u>6,209,495</u>	<u>5,334,398</u>
<i>Total Net Position</i>	<u>\$ 24,960,133</u>	<u>\$ 17,999,954</u>	<u>\$ 42,960,087</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Table 1 Continued**  
**Statement of Net Position**  
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current and Other Assets	\$ 5,973,004	\$ 8,453,021	\$ 14,426,025
Capital Assets, Net	<u>42,277,414</u>	<u>34,225,880</u>	<u>76,503,294</u>
<i>Total Assets</i>	<u>48,250,418</u>	<u>42,678,901</u>	<u>90,929,319</u>
<b>Deferred Outflows of Resources</b>	<u>897,659</u>	<u>-</u>	<u>897,659</u>
<b>Liabilities</b>			
Current Liabilities	649,075	282,255	931,330
Long-Term Liabilities:			
Due within One Year	1,913,661	1,452,488	3,366,149
Due in more than One Year	<u>22,596,059</u>	<u>23,154,613</u>	<u>45,750,672</u>
<i>Total Liabilities</i>	<u>25,158,795</u>	<u>24,889,356</u>	<u>50,048,151</u>
<b>Deferred Inflows of Resources</b>	<u>116,854</u>	<u>-</u>	<u>116,854</u>
<b>Net Position</b>			
Net Investment in Capital Assets	21,777,252	9,779,726	31,556,978
Restricted	2,921,228	1,372,521	4,293,749
Unrestricted	<u>(826,052)</u>	<u>6,637,298</u>	<u>5,811,246</u>
<i>Total Net Position</i>	<u>\$ 23,872,428</u>	<u>\$ 17,789,545</u>	<u>\$ 41,661,973</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Table 2**  
**Changes in Net Position**  
As of December 31, 2017

	<u><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>	<u><b>Total</b></u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 1,254,042	\$ 5,632,382	\$ 6,886,424
Operating Grants and Contributions	8,671	-	8,671
Capital Grants and Contributions	169,972	171,811	341,783
General Revenues			
Property Taxes	8,385,069	-	8,385,069
State Revenues	816,622	-	816,622
Other	158,632	12,301	170,933
<i>Total Revenues</i>	<u>10,793,008</u>	<u>5,816,494</u>	<u>16,609,502</u>
<b>Expenses</b>			
Program Expenses			
Park Operations	6,855,087	-	6,855,087
Forestry	832,487	-	832,487
Recreation	698,343	-	698,343
Interest on Long-Term Debt	705,433	-	705,433
King's Walk Golf Course	-	1,500,557	1,500,557
Lincoln Golf Course	-	368,744	368,744
Choice Health & Fitness	-	4,350,737	4,350,737
<i>Total Expenses</i>	<u>9,091,350</u>	<u>6,220,038</u>	<u>15,311,388</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	1,701,658	(403,544)	1,298,114
<b>Transfers</b>	<u>(613,953)</u>	<u>613,953</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	1,087,705	210,409	1,298,114
<b>Net Position Beginning of Year</b>	<u>23,872,428</u>	<u>17,789,545</u>	<u>41,661,973</u>
<b>Net Position End of Year</b>	<u><u>\$ 24,960,133</u></u>	<u><u>\$ 17,999,954</u></u>	<u><u>\$ 42,960,087</u></u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Table 2 Continued**  
**Changes in Net Position**  
As of December 31, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 1,167,531	\$ 5,615,603	\$ 6,783,134
Operating Grants and Contributions	12,679	-	12,679
Capital Grants and Contributions	1,268,436	149,502	1,417,938
General Revenues			
Property Taxes	6,743,449	-	6,743,449
State Revenues	830,997	-	830,997
Other	149,851	478,191	628,042
<i>Total Revenues</i>	<u>10,172,943</u>	<u>6,243,296</u>	<u>16,416,239</u>
<b>Expenses</b>			
Program Expenses			
Park Operations	7,414,770	-	7,414,770
Forestry	813,708	-	813,708
Recreation	773,609	-	773,609
Interest on Long-Term Debt	597,571	-	597,571
King's Walk Golf Course	-	1,314,050	1,314,050
Lincoln Golf Course	-	316,749	316,749
Choice Health & Fitness	-	4,400,732	4,400,732
<i>Total Expenses</i>	<u>9,599,658</u>	<u>6,031,531</u>	<u>15,631,189</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	573,285	211,765	785,050
<b>Transfers</b>	<u>(595,276)</u>	<u>595,276</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	<u>(21,991)</u>	<u>807,041</u>	<u>785,050</u>
<b>Net Position Beginning of Year</b>	<u>23,894,419</u>	<u>16,982,504</u>	<u>40,876,923</u>
<b>Net Position End of Year</b>	<u>\$ 23,872,428</u>	<u>\$ 17,789,545</u>	<u>\$ 41,661,973</u>

Choice Health & Fitness membership revenue decreased almost \$93,000 from the prior year. Choice Health & Fitness has a shared membership agreement with the Altru Family YMCA. Combined members for both organizations started the year with approximately 15,700 members and ended the year with approximately 14,900 members. Members are expected to remain close to the 15,000 level and the focus will continue to be on member retention for 2018. Programming revenue saw increases in a number of areas due to added services provided and an increased campaign to inform members. We believe 2018 will bring additional growth in some programs. On the expense side, 2017 operating expenses were less than the prior year. For 2018 we will continue to evaluate current programming and look to augment with fresh offerings that will allow us to provide great customer service with the financial levels needed to support it.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

King's Walk Golf Course was open from early April to late October in 2017. Total operating revenue was within \$5,000 of the 2016 level. Over 26,700 rounds were played in 2017, which was down around 1,500 rounds from the 2016 season. Golfers purchasing King's Walk season memberships were again able to play Lincoln Golf Course at no extra cost and this policy will continue in 2018.

Lincoln Golf Course was open from early April to late October in 2017. Total operating revenue was up over \$54,000 which was mainly due to good weather conditions and the closure of UND's Ray Richards golf course. Over 19,400 rounds were played in 2017, which was up over 3,300 rounds from the 2016 season. The Steve Mullally Youth Golf Course, located next to Lincoln Golf Course, was enjoyed by many families. This is a youth 9-hole golf course and is free for youth and families to play.

### **General Fund Budgetary Highlights**

The District's budget is prepared on the same basis of accounting as the financial statements.

There were no amendments to the District's budget during the course of 2017.

Original and final budgeted revenues for the general fund in 2017 were \$7,918,000 and the actual revenues were \$8,157,526. The major factor contributing to the increase of actual revenues over budgeted revenues in 2017 was due to an increase of almost \$170,000 in local property taxes. This was attributed to a higher percentage of timely current year collections compared to the percentage budgeted. Increased program revenue of over \$84,000 also contributed, but was offset by a reduction in state aid of approximately \$73,000. This reduction in state aid is directly related to a reduction in sales tax collections for the state of ND tied to the slowdown of oil production in the western part of the state.

Original and final budgeted expenditures for the general fund in 2017 were \$7,569,200 and the actual expenditures were \$7,330,644. Actual expenses were less than budgeted mainly due to continuing to prioritize maintenance items and projects as well as expense control by managers in their departments.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Capital Assets**

**Table 3**  
**Capital Assets at December 31, 2017**  
**(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,845,084	\$ 3,249,695	\$ 8,094,779
Land Improvements	13,006,855	-	13,006,855
Buildings, Systems and Structures	22,613,856	25,781,285	48,395,141
Golf Course	-	3,677,972	3,677,972
Equipment	973,009	466,866	1,439,875
Vehicles	259,425	140	259,565
Tractors, Trailers, and Mowers	476,037	244,734	720,771
Construction in Progress	22,636	-	22,636
<i>Totals</i>	<u>\$ 42,196,902</u>	<u>\$ 33,420,692</u>	<u>\$ 75,617,594</u>

**Capital Assets at December 31, 2016**  
**(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,845,084	\$ 3,249,695	\$ 8,094,779
Land Improvements	12,744,471	91,566	12,836,037
Buildings, Systems and Structures	22,801,392	26,361,346	49,162,738
Golf Course	-	3,734,913	3,734,913
Equipment	996,856	513,895	1,510,751
Vehicles	267,192	473	267,665
Tractors, Trailers, and Mowers	496,488	273,992	770,480
Construction in Progress	125,931	-	125,931
<i>Totals</i>	<u>\$ 42,277,414</u>	<u>\$ 34,225,880</u>	<u>\$ 76,503,294</u>

Additional information on the District's capital assets can be found in Note 3 of this report.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Long-Term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$35,976,783, contract payable of \$6,056,128, net pension liabilities of \$5,084,049, and compensated absences of \$489,809.

**Table 4**  
**Outstanding Debt at December 31, 2017**

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 12,923,117	\$ -	\$ 12,923,117
Revenue Bonds	-	23,053,666	23,053,666
Contract Payable	6,056,128	-	6,056,128
Net Pension Liability	5,084,049	-	5,084,049
Compensated Absences	304,271	185,538	489,809
	<u>\$ 24,367,565</u>	<u>\$ 23,239,204</u>	<u>\$ 47,606,769</u>
Total	<u>\$ 24,367,565</u>	<u>\$ 23,239,204</u>	<u>\$ 47,606,769</u>

**Outstanding Debt at December 31, 2016**

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 13,133,878	\$ -	\$ 13,133,878
Revenue Bonds	-	24,446,154	24,446,154
Contract Payable	6,718,309	-	6,718,309
Special Assessments Debt	638,191	-	638,191
Net Pension Liability	3,707,762	-	3,707,762
Capital Leases	9,784	-	9,784
Compensated Absences	301,796	160,947	462,743
	<u>\$ 24,509,720</u>	<u>\$ 24,607,101</u>	<u>\$ 49,116,821</u>
Total	<u>\$ 24,509,720</u>	<u>\$ 24,607,101</u>	<u>\$ 49,116,821</u>

The District's total debt decreased by \$1,510,052 during the current fiscal year. The District issued \$3,215,000 of Refunding Improvement Bonds, Series 2017 during the year to take advantage of lower interest rates.

Additional information on the District's long-term debt can be found in Note 6 of this report.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Long and Short-term Goals**

The District is part of a growing community and knows it needs to review and expand parks and recreation services. Therefore, the District periodically evaluates current programs and facilities. Times change and new ideas bring requests for different types of recreation and other facilities. For the coming year, the District feels they will be able to address requests with its current budget. The District completed a Master Plan for the entire District in 2015 which showed the public is satisfied with the service of the District. Results also showed the District has an adequate amount of parks, programs, and facilities.

For 2018, the District is continuing to expand and improve facilities to meet demand. Altru Wellness Village will be adding sidewalk lighting and enhancing the community park by adding playground equipment. A skate park will be constructed at Kannowski Park. At Scheels Sports Complex, the finishing touches will take place on the concession stand and restroom building along with fields 3 and 4. Bringewatt Park will see sand volleyball improvements and sidewalks will be added to Veterans Memorial Park. Court resurfacing is also planned at Abbott and Riverside Parks.

In terms of government funds, all indicators for the City of Grand Forks point to a steady growth situation, which means the tax base along with the value of the mill will increase. The tax revenues for its government funds will increase accordingly. The revenue sharing relationship with state government on agricultural and mineral industries appears to have leveled off after the rapid escalation and then regression over the last number of years. The District budgeted to increase the reserves in the government funds for 2018.

The enterprise funds are composed of activities where the District tries to balance fee structures to keep them affordable for families while using as little tax based support as possible. Choice Health & Fitness saw a leveling off in memberships, while program revenue increased this year. The golf courses continue to see the number of rounds played and season memberships sold to be consistent with historical totals. The District's enterprise funds performed well in 2017.

The success of the capital campaigns for Choice Health & Fitness, which opened in the fall of 2012, ICON Sports Center, which opened in the fall of 2014, and Scheels Sports Complex, which will be fully playable in 2018, has taught the District that they have a great deal of opportunity to improve facilities through philanthropic means. Therefore, the District will continue to work with the Grand Forks Parks and Recreation Foundation (Foundation) to increase their donation revenue. The District's emphasis on seeking sponsorships and donations within its organization promises to boost the District's ability to meet demands for expanded services and facilities. The District also continues to expand and benefit from partnership developments, such as with Altru Health System and the Altru Family YMCA.

The District continues to look at its internal departments for increased efficiencies of resources. The District will continue to hire, train, and motivate staff to retain a positive work environment to maximize the productivity of its work force. The District will keep its pay scales competitive and will evaluate and reward staff for their contributions. Similarly, the District will continue to evaluate the services provided by vendors selecting those of highest quality and lowest pricing.



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Performance Tools and Response to Change**

The annual financial report provides measurement tools to judge the financial performance of each department, as well as the District as an agency.

**Non-Tax Funds**

Non-tax funds coming to the District are attributable to initiatives of District personnel and generosity of other organizations. There will be a continuing effort toward self-sufficiency of District golf courses, Choice Health & Fitness, and other program operations, and how these enterprises continue to provide earned revenue.

**Contacting the District's Treasurer's Office**

Annually the District makes available its financial reports and budget documents. The District publishes a variety of informative documents related to its operations.

This financial report is designed to provide the District's citizenry with the general overview of the District's finances and show the District's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact George Hellyer, Superintendent of Finance, Park District of the City of Grand Forks, 1060 47<sup>th</sup> Avenue South, Grand Forks, ND 58201.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2017**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Cash	\$ 2,779,301	\$ 2,413,317	\$ 5,192,618	\$ 666,690
Investments	-	-	-	847,708
Restricted Cash & Investments with Fiscal Agent	-	1,423,433	1,423,433	-
Accounts Receivable, Net	324,808	73,238	398,046	41,928
Pledges Receivable, Net	2,329,087	4,140,410	6,469,497	6,919,890
Taxes Receivable	147,561	-	147,561	-
Contract Receivable	577,142	-	577,142	4,955,000
Interest Receivable	-	3,067	3,067	-
Prepaid Expenses	14,310	-	14,310	-
Inventory	-	68,359	68,359	-
Nondepreciable Capital Assets	17,874,575	3,249,695	21,124,270	-
Depreciable Capital Assets, Net	24,322,327	30,170,997	54,493,324	-
Assets Held for Sale	-	-	-	144,750
<b>Total Assets</b>	<b>48,369,111</b>	<b>41,542,516</b>	<b>89,911,627</b>	<b>13,575,966</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources - NDPERS	1,379,322	-	1,379,322	-
Deferred Outflows of Resources - Single Employer Plan	500,499	-	500,499	-
<b>Total Deferred Outflows of Resources</b>	<b>1,879,821</b>	<b>-</b>	<b>1,879,821</b>	<b>-</b>
<b>Liabilities</b>				
Accounts Payable	260,684	220	260,904	3,976
Sales Tax Payable	2,313	4,612	6,925	-
Gift Certificates/Cards Payable	23,445	67,050	90,495	-
Accrued Payroll	123,984	88,697	212,681	-
Accrued Interest Payable	96,890	61,988	158,878	41,928
Unearned Revenue	118,086	80,791	198,877	106,138
Non Current Liabilities:				
Due Within One Year	1,640,089	1,462,000	3,102,089	1,575,985
Due in More than One Year	22,727,476	21,777,204	44,504,680	10,557,753
<b>Total Liabilities</b>	<b>24,992,967</b>	<b>23,542,562</b>	<b>48,535,529</b>	<b>12,285,780</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources - NDPERS	94,614	-	94,614	-
Deferred Inflows of Resources - Single Employer Plan	201,218	-	201,218	-
<b>Total Deferred Inflows of Resources</b>	<b>295,832</b>	<b>-</b>	<b>295,832</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	23,217,657	10,367,026	33,584,683	-
Restricted for:				
Debt Service	234,541	1,373,448	1,607,989	-
Repairs and Replacement	-	49,985	49,985	-
Capital Projects	2,383,032	-	2,383,032	-
Foundation	-	-	-	392,576
Unrestricted	(875,097)	6,209,495	5,334,398	897,610
<b>Total Net Position</b>	<b>\$ 24,960,133</b>	<b>\$ 17,999,954</b>	<b>\$ 42,960,087</b>	<b>\$ 1,290,186</b>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Governmental Activities</b>								
Park Operations	\$ 6,855,087	\$ 999,968	\$ -	\$ 169,972	\$ (5,685,147)	\$ -	\$ (5,685,147)	\$ -
Forestry	832,487	2,320	-	-	(830,167)	-	(830,167)	-
Recreation	698,343	251,754	8,671	-	(437,918)	-	(437,918)	-
Interest on Long-Term Debt	<u>705,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(705,433)</u>	<u>-</u>	<u>(705,433)</u>	<u>-</u>
Total Governmental Activities	<u>9,091,350</u>	<u>1,254,042</u>	<u>8,671</u>	<u>169,972</u>	<u>(7,658,665)</u>	<u>-</u>	<u>(7,658,665)</u>	<u>-</u>
<b>Business-Type Activities</b>								
King's Walk Golf Course	1,500,557	1,143,628	-	-	-	(356,929)	(356,929)	-
Lincoln Golf Course	368,744	303,653	-	-	-	(65,091)	(65,091)	-
Choice Health & Fitness	<u>4,350,737</u>	<u>4,185,101</u>	<u>-</u>	<u>171,811</u>	<u>-</u>	<u>6,175</u>	<u>6,175</u>	<u>-</u>
Total Business- Type Activities	<u>6,220,038</u>	<u>5,632,382</u>	<u>-</u>	<u>171,811</u>	<u>-</u>	<u>(415,845)</u>	<u>(415,845)</u>	<u>-</u>
Total Primary Government	<u>\$ 15,311,388</u>	<u>\$ 6,886,424</u>	<u>\$ 8,671</u>	<u>\$ 341,783</u>	<u>(7,658,665)</u>	<u>(415,845)</u>	<u>(8,074,510)</u>	<u>-</u>
<b>Component Unit</b>								
Foundation	<u>\$ 566,309</u>							<u>(566,309)</u>
General Revenues:								
Property Taxes - General					5,690,892	-	5,690,892	-
Property Taxes - Debt Service					1,678,871	-	1,678,871	-
Property Taxes - Capital Projects					1,015,306	-	1,015,306	-
Grants and Entitlements not Restricted to Specific Programs					816,622	-	816,622	894,685
Investment Earnings					54,884	12,301	67,185	55,383
Miscellaneous					103,748	-	103,748	185,086
Transfers					<u>(613,953)</u>	<u>613,953</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>8,746,370</u>	<u>626,254</u>	<u>9,372,624</u>	<u>1,135,154</u>
Change in Net Position					<u>1,087,705</u>	<u>210,409</u>	<u>1,298,114</u>	<u>568,845</u>
Net Position- Beginning					<u>23,872,428</u>	<u>17,789,545</u>	<u>41,661,973</u>	<u>721,341</u>
Net Position- End of Year					<u>\$ 24,960,133</u>	<u>\$ 17,999,954</u>	<u>\$ 42,960,087</u>	<u>\$ 1,290,186</u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 2,440,125	\$ 302,637	\$ 36,539	\$ 2,779,301
Accounts Receivable	324,808	-	-	324,808
Taxes Receivable	101,361	28,794	17,406	147,561
Pledge Receivable	-	-	2,329,087	2,329,087
Contract Receivable	577,142	-	-	577,142
Prepaid Expenses	14,310	-	-	14,310
<b>Total Assets</b>	<b>\$ 3,457,746</b>	<b>\$ 331,431</b>	<b>\$ 2,383,032</b>	<b>\$ 6,172,209</b>
<b>Liabilities</b>				
Accounts Payable	\$ 260,684	\$ -	\$ -	\$ 260,684
Sales Tax Payable	2,313	-	-	2,313
Gift Certificate/Cards Payable	23,445	-	-	23,445
Unearned Revenue	118,086	-	-	118,086
Accrued Payroll	123,984	-	-	123,984
<b>Total Liabilities</b>	<b>528,512</b>	<b>-</b>	<b>-</b>	<b>528,512</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Property Taxes	84,231	25,701	15,535	125,467
Unavailable Revenue - Special Assessments	6,992	-	-	6,992
Unavailable Revenue - Contracts and Pledges	577,142	-	2,329,087	2,906,229
<b>Total Deferred Inflows of Resources</b>	<b>668,365</b>	<b>25,701</b>	<b>2,344,622</b>	<b>3,038,688</b>
<b>Fund Balances</b>				
Nonspendable For:				
Prepaid Expenses	14,310	-	-	14,310
Restricted For:				
Debt Service	-	305,730	-	305,730
Capital Projects	-	-	38,410	38,410
Unassigned	2,246,559	-	-	2,246,559
<b>Total Fund Balances</b>	<b>2,260,869</b>	<b>305,730</b>	<b>38,410</b>	<b>2,605,009</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,457,746</b>	<b>\$ 331,431</b>	<b>\$ 2,383,032</b>	<b>\$ 6,172,209</b>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**AS OF DECEMBER 31, 2017**

<b>Total Governmental Funds Balance</b>	<b>\$</b>	<b>2,605,009</b>
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**Amounts reported for governmental activities in the  
statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.		42,196,902
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the governmental funds:

Contract Receivable	\$ 577,142	
Special Assessments	6,992	
Property Taxes	125,467	
Pledge Receivable	<u>2,329,087</u>	
<b>Total</b>		<b>3,038,688</b>

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

Deferred Outflows of Resources - Single Employer Plan	500,499	
Deferred Outflows of Resources - PERS	1,379,322	
Deferred Inflows of Resources - Single Employer Plan	(201,218)	
Deferred Inflows of Resources - PERS	<u>(94,614)</u>	
		1,583,989

Long-term liabilities not due and payable in the current period and therefore are not included in the governmental funds:

Accrued Interest	(96,890)	
Compensated Absences	(304,271)	
Notes Payable	(6,056,128)	
Premium on Bonds Payable	(168,117)	
Net Pension Liability - PERS	(2,674,208)	
Net Pension Liability - Single Employer Plan	(2,409,841)	
Bonds Payable	<u>(12,755,000)</u>	
<b>Total</b>		<b><u>(24,464,455)</u></b>

Net Position of Governmental Activities	<b>\$</b>	<b><u>24,960,133</u></b>
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See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Local Property Taxes	\$ 5,670,237	\$ 1,678,871	\$ 1,015,306	\$ 8,364,414
State Revenues	816,622	-	-	816,622
Program Income	1,226,093	-	-	1,226,093
Investment Earnings	54,884	-	-	54,884
Sponsorships	317,394	-	-	317,394
Donations	8,671	-	531,504	540,175
Miscellaneous	63,625	60	40,060	103,745
Total Revenues	<u>8,157,526</u>	<u>1,678,931</u>	<u>1,586,870</u>	<u>11,423,327</u>
<b>Expenditures</b>				
Current:				
Park Operations	5,209,101	-	-	5,209,101
Forestry	793,073	-	-	793,073
Recreation	698,343	-	-	698,343
Capital Outlay:				
Capital and Betterment	489,329	262,383	277,597	1,029,309
Debt Service:				
Principal Retirement	96,965	4,118,193	575,000	4,790,158
Interest Charges	43,833	467,267	189,126	700,226
Total Expenditures	<u>7,330,644</u>	<u>4,847,843</u>	<u>1,041,723</u>	<u>13,220,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>826,882</u>	<u>(3,168,912)</u>	<u>545,147</u>	<u>(1,796,883)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	-	3,215,000	-	3,215,000
Premium on Debt Issuance	-	74,266	-	74,266
Operating Transfers In	-	-	35,369	35,369
Operating Transfers Out	(108,064)	-	(541,258)	(649,322)
Total Other Financing Sources (Uses)	<u>(108,064)</u>	<u>3,289,266</u>	<u>(505,889)</u>	<u>2,675,313</u>
Net Change in Fund Balances	718,818	120,354	39,258	878,430
Fund Balance Beginning of Year	<u>1,542,051</u>	<u>185,376</u>	<u>(848)</u>	<u>1,726,579</u>
Fund Balance End of Year	<u>\$ 2,260,869</u>	<u>\$ 305,730</u>	<u>\$ 38,410</u>	<u>\$ 2,605,009</u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**RECONCILIATION OF THE CHANGES IN FUND BALANCE**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Net Change in Fund Balance - Total Governmental Funds** **\$ 878,430**

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

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

Capital Asset Additions	\$ 1,029,309	
Current Year Depreciation	<u>(1,109,821)</u>	
Total		(80,512)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Property Taxes		26,609
Special Assessments		(5,952)
Grants		(5,000)
Contracts and Pledges Receivable		(645,977)

The issuance of long-term debt provides current financial resources to the governmental funds. However, there is no effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are unavailable and deferred and amortized in the statement of activities.

Proceeds from the Issuance of Long-Term Debt		(3,215,000)
Premium on Issuance of Long-Term Debt		(74,266)

Change in deferred outflows and inflows of resources related to the net pension liability		803,184
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Repayment of principal on long-term debt consumes the current financial resources of the governmental funds. However, there is no effect on net position. The following are principal payments on long-term debt during the year ended December 31, 2017:

Accrued Interest Payable	(25,232)	
Amortization of Bond Premium	20,026	
Principal Payment on Bonds Payable	3,480,000	
Principal Payment on Special Assessments	638,192	
Principal Payment on Notes Payable	671,965	
Change in Compensated Absences	(2,475)	
Change in Net Pension Liability	<u>(1,376,287)</u>	

Total		<u>3,406,189</u>
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Change in Net Position		<u>\$ 1,087,705</u>
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See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**AS OF DECEMBER 31, 2017**

	Business-Type Activities-Enterprise Funds			
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Totals
<b>Assets</b>				
Current Assets:				
Cash	\$ 2,048,222	\$ 60,138	\$ 304,957	\$ 2,413,317
Accounts Receivable	23,272	-	52,966	76,238
Allowance for Doubtful Accounts	-	-	(3,000)	(3,000)
Pledges Receivable	-	-	610,376	610,376
Interest Receivable	-	-	3,067	3,067
Inventory	59,844	8,515	-	68,359
Total Current Assets	<u>2,131,338</u>	<u>68,653</u>	<u>968,366</u>	<u>3,168,357</u>
Non-Current Assets:				
Restricted Cash & Investments with Fiscal Agent	-	-	1,423,433	1,423,433
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>1,423,433</u>	<u>1,423,433</u>
Capital Assets:				
Land	618,820	21,640	2,609,235	3,249,695
Buildings, Systems & Structures	2,263,476	1,009,959	26,606,953	29,880,388
Golf Course	5,553,039	533,780	-	6,086,819
Equipment	988,645	8,000	340,697	1,337,342
Vehicles	7,000	12,000	-	19,000
Tractors, Trailers, & Mowers	568,024	262,368	-	830,392
Less Accumulated Depreciation	<u>(4,053,999)</u>	<u>(729,079)</u>	<u>(3,199,866)</u>	<u>(7,982,944)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,945,005</u>	<u>1,118,668</u>	<u>26,357,019</u>	<u>33,420,692</u>
Pledges Receivable, Net of Current Portion	<u>-</u>	<u>-</u>	<u>3,530,034</u>	<u>3,530,034</u>
Total Non-Current Assets	<u>5,945,005</u>	<u>1,118,668</u>	<u>31,310,486</u>	<u>38,374,159</u>
Total Assets	<u>8,076,343</u>	<u>1,187,321</u>	<u>32,278,852</u>	<u>41,542,516</u>

See Notes to the Basic Financial Statements



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

	Business-Type Activities-Enterprise Funds			
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Totals
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 220	\$ -	\$ -	\$ 220
Sales Tax Payable	84	-	4,528	4,612
Gift Certificate/Cards Payable	48,152	1,167	17,731	67,050
Accrued Payroll	19,878	-	68,819	88,697
Unearned Revenue	-	-	80,791	80,791
Compensated Absences	17,420	2,010	47,570	67,000
Bonds Payable	615,000	-	780,000	1,395,000
Accrued Interest Payable	12,615	-	49,373	61,988
Total Current Liabilities	<u>713,369</u>	<u>3,177</u>	<u>1,048,812</u>	<u>1,765,358</u>
Non-Current Liabilities:				
Compensated Absences	28,417	3,499	86,622	118,538
Bonds Payable, Net of Current	<u>3,152,853</u>	<u>-</u>	<u>18,505,813</u>	<u>21,658,666</u>
Total Non-Current Liabilities	<u>3,181,270</u>	<u>3,499</u>	<u>18,592,435</u>	<u>21,777,204</u>
Total Liabilities	<u>3,894,639</u>	<u>6,676</u>	<u>19,641,247</u>	<u>23,542,562</u>
<b>Net Position</b>				
Net Investment in Capital Assets	2,177,152	1,118,668	7,071,206	10,367,026
Restricted for:				
Debt Service	-	-	1,373,448	1,373,448
Repairs and Replacement	-	-	49,985	49,985
Unrestricted	<u>2,004,552</u>	<u>61,977</u>	<u>4,142,966</u>	<u>6,209,495</u>
Total Net Position	<u>\$ 4,181,704</u>	<u>\$ 1,180,645</u>	<u>\$ 12,637,605</u>	<u>\$ 17,999,954</u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities - Enterprise Funds			
	King's Walk Golf	Lincoln Golf	Choice Health &	Totals
	Course	Course	Fitness	
<b>Operating Revenues:</b>				
Charges for Sales and Services:				
Sales	\$ 1,143,628	\$ 303,653	\$ 4,185,101	\$ 5,632,382
Total Operating Revenues	<u>1,143,628</u>	<u>303,653</u>	<u>4,185,101</u>	<u>5,632,382</u>
<b>Operating Expenses:</b>				
Costs of Sales and Services	720,279	208,970	2,142,341	3,071,590
Administration	434,524	104,944	1,007,760	1,547,228
Total Operating Expenses	<u>1,154,803</u>	<u>313,914</u>	<u>3,150,101</u>	<u>4,618,818</u>
Operating Income (Loss) before Depreciation	<u>(11,175)</u>	<u>(10,261)</u>	<u>1,035,000</u>	<u>1,013,564</u>
Depreciation and Amortization	<u>266,287</u>	<u>54,830</u>	<u>603,298</u>	<u>924,415</u>
Operating Income (Loss)	<u>(277,462)</u>	<u>(65,091)</u>	<u>431,702</u>	<u>89,149</u>
<b>Non-Operating Revenues (Expenses):</b>				
Donations/Sponsorships	-	-	171,811	171,811
Interest Income	-	-	12,301	12,301
Loss on Disposal of Fixed Assets	(1,720)	-	-	(1,720)
Bond Interest Expense	<u>(77,747)</u>	<u>-</u>	<u>(597,338)</u>	<u>(675,085)</u>
Total Non-Operating Revenue (Expenses)	<u>(79,467)</u>	<u>-</u>	<u>(413,226)</u>	<u>(492,693)</u>
Income (Loss) Before Transfers	<u>(356,929)</u>	<u>(65,091)</u>	<u>18,476</u>	<u>(403,544)</u>
Transfers In	<u>351,258</u>	<u>52,695</u>	<u>210,000</u>	<u>613,953</u>
Changes in Net Position	(5,671)	(12,396)	228,476	210,409
Total Net Position - Beginning	<u>4,187,375</u>	<u>1,193,041</u>	<u>12,409,129</u>	<u>17,789,545</u>
Total Net Position - Ending	<u>\$ 4,181,704</u>	<u>\$ 1,180,645</u>	<u>\$ 12,637,605</u>	<u>\$ 17,999,954</u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities - Enterprise Funds			
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,164,682	\$ 303,845	\$ 4,183,892	\$ 5,652,419
Payments to Suppliers	(712,919)	(214,347)	(2,136,769)	(3,064,035)
Payments to Employees	(435,258)	(104,600)	(981,751)	(1,521,609)
Net Cash Provided (Used) by Operating Activities	<u>16,505</u>	<u>(15,102)</u>	<u>1,065,372</u>	<u>1,066,775</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other Funds	<u>351,258</u>	<u>52,695</u>	<u>210,000</u>	<u>613,953</u>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>351,258</u>	<u>52,695</u>	<u>210,000</u>	<u>613,953</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Bonds Payable	(600,000)	-	(770,000)	(1,370,000)
Capital Donations	-	-	410,165	410,165
Proceeds from Sale of Capital Assets	4,000	-	-	4,000
Purchases of Capital Assets	(103,368)	-	(21,580)	(124,948)
Interest Paid on Capital Debt	(92,983)	-	(607,875)	(700,858)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(792,351)</u>	<u>-</u>	<u>(989,290)</u>	<u>(1,781,641)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Dividends Received	<u>-</u>	<u>-</u>	<u>12,460</u>	<u>12,460</u>
Net Cash Provided (Used) by Capital Investing Activities	<u>-</u>	<u>-</u>	<u>12,460</u>	<u>12,460</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(424,588)	37,593	298,542	(88,453)
Cash and Cash Equivalents, January 1	<u>2,472,810</u>	<u>22,545</u>	<u>1,429,848</u>	<u>3,925,203</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,048,222</u>	<u>\$ 60,138</u>	<u>\$ 1,728,390</u>	<u>\$ 3,836,750</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	<u>\$ (277,462)</u>	<u>\$ (65,091)</u>	<u>\$ 431,702</u>	<u>\$ 89,149</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	266,287	54,830	603,298	924,415
Effects on Operating Cash Flows Due to Changes in:				
Accounts Receivable	7,276	-	(4,726)	2,550
Inventories	7,056	(5,377)	-	1,679
Accounts Payable	304	-	4,528	4,832
Gift Certificate/Cards Payable	28,079	192	3,517	31,788
Accrued Payroll	(4,120)	-	5,148	1,028
Compensated Absences	3,386	344	20,861	24,591
Unearned Revenue	(14,301)	-	1,044	(13,257)
Total Adjustments	<u>293,967</u>	<u>49,989</u>	<u>633,670</u>	<u>977,626</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 16,505</u>	<u>\$ (15,102)</u>	<u>\$ 1,065,372</u>	<u>\$ 1,066,775</u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF DECEMBER 31, 2017**

	<u>Pension Trust Fund</u>
ASSETS	
Investments, at Fair Value:	
Investment Funds	<u>\$ 6,752,927</u>
Total Assets	<u><u>\$ 6,752,927</u></u>
NET POSITION	
Held in Trust for Pension Benefits and Other Purposes	<u><u>\$ 6,752,927</u></u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 210,000
Plan Members	<u>69,545</u>
Total Contributions	<u>279,545</u>
Investment Earnings:	
Investment Income	390,248
Net Change in the Fair Value of Investments	<u>600,985</u>
Net Investment Earnings	<u>991,233</u>
Total Additions	<u>1,270,778</u>
DEDUCTIONS	
Benefits Paid	496,980
Administrative Costs	<u>15,176</u>
Total Deductions	<u>512,156</u>
Change in Net Position	758,622
Net Position - Beginning	<u>5,994,305</u>
Net Position - Ending	<u>\$ 6,752,927</u>

See Notes to the Basic Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Park District of the City of Grand Forks (District) operates with its board members elected at large, authorized to levy taxes, issue debt, budget, and designate management. The District provides the following services as authorized by its charter: parks, golf courses, recreation, forestry, and general administrative services.

**A. Reporting Entity**

The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from it. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the basic statements because of the significance of their operations or financial relationships to the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and the District is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the District.

The Grand Forks Parks and Recreation Foundation (Foundation) meets the criteria and is included as a discretely presented component unit.

**B. Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 segments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

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 connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

**C. Measurement Focus/Basis of Accounting**

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 recorded 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 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 District 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.

Property taxes, franchise taxes, licenses, and interest 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. All revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* is used to account for the proceeds of specific revenue resources that are legally restricted to expenditures for acquiring sites, constructing, and equipping new facilities and renovating existing facilities.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

The District reports the following major proprietary funds:

The *King's Walk Golf Course Fund* accounts for the activities of King's Walk Golf Course.

The *Lincoln Golf Course Fund* accounts for the activities of Lincoln Golf Course.

The *Choice Health & Fitness Fund* accounts for the activities of Choice Health & Fitness.

Additionally, the District reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the single employer defined benefit pension plan.

#### **D. Budgetary Data**

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

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

The Board of Commissioners shall give preliminary approval of the District budget and give first reading of the annual appropriation ordinance by September 10 of each year. The Board of Commissioners will hold public hearings and may subtract from or change appropriations. Any changes in the budget must be with the revenues and reserves estimated as available by the Superintendent of Finance or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Commissioners.

Supplemental appropriations must be passed by ordinance by the Board of Commissioners at fund level and may only be done within additional revenues or reserves that were not anticipated at the time of original adoption of the annual budget and appropriation ordinance.

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

The final budget must be adopted on or before October 7. The budget must be submitted to the county auditor by October 10. The budget may be amended during the year, except no amendment changing the taxes levied can be made after October 10.

All budgeted appropriations lapse at the end of the fiscal year.

#### **E. Cash**

The cash balances from all funds are pooled and invested. All certificates of deposit, no matter what the maturity date and all highly liquid investments (including restricted assets) with maturity of three months or less when purchased are considered cash equivalents and treated as such in the statement of cash flows.



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**F. Fair Value Measurements**

The District accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP 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.

**G. Receivables and Payables**

Receivables are stated on the balance sheet at estimated realizable values after provision for estimated uncollectible accounts. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.

Activity between funds that 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 the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund 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.

**H. Inventory**

All inventories are stated at cost, determined on an average-cost basis.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, Systems and Structures	20-50
Golf Course	15-50
Equipment	5-10
Vehicles	5
Tractors, Trailers, and Mowers	5-15

#### **J. Property Taxes**

Property tax levies are set by the Board of Commissioners in October 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. Taxes are remitted monthly to the District.

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 1 of the year following the assessment date.

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

Property tax revenues are recognized when they become available. All other taxes are fully offset by deferred revenue because they are not known to be available to finance current expenditures.

#### **K. Compensated Absences**

All full-time employees of the District are covered by a compensated absences policy including vacation and sick leave. Unused vacation vests immediately and can be accumulated to a maximum of 360 hours with a maximum carryover of 200 hours to the next calendar year. If termination of employment occurs, employees receive 100 percent of their unused vacation pay at their rate of pay on the date of termination. Unused sick leave may be accumulated to an unlimited amount. If termination of employment occurs after five years of employment, employees receive 50 percent of their unused sick pay up to a maximum of 720 hours at their rate of pay on the date of termination.

#### **L. 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 bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discount on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**M. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**N. Fund Balance**

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

*Nonspendable* – consists of amounts that are not in spendable form, such as inventory and prepaid items.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by law through constitutional provisions or enabling legislation.

*Committed* – consists of internally imposed constraints. These constraints are established by formal action of the Board of Commissioners.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Commissioners. Pursuant to Board resolution, the District's Executive Director and Superintendent of Finance are authorized to establish assignments of fund balance.

*Unassigned* – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

**O. Net Position**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, *Elements of Financial Statements*.

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**P. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose for 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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 resource (expense/expenditure) until then. The District has one item reported on the statement of net position as Deferred Outflows of Resources which represents actuarial differences within NDPERS and the single employer pension plan as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net 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 District has three types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, *unavailable revenue - property taxes*, *unavailable revenue - special assessments* and *unavailable revenue - contracts and pledges* are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has two items reported on the statement of net position as Deferred Inflows of Resources which represents actuarial differences within NDPERS plan and Single Employer Pension Plan.

**R. Sales Taxes**

Sales taxes collected from customers and remitted to taxing authorities are excluded from revenues and cost of sales, respectively.

**S. Pensions**

For purposes of measuring the net pension liability and asset, 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's 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.

**T. Unearned Revenue**

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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**U. Pledge Receivable**

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved, at the date the promise was made. The rate used was 4% at year end. When considered necessary, an allowance is recorded based on management's estimate of collectability including such factors as prior collection history, type of contribution, and the nature of fund-raising activity.

**V. Component Unit Significant Accounting Policies**

**Organization**

The purpose of the Foundation is to contribute to and promote healthful lifestyles in our community through the development and enhancement of parks, playgrounds, recreational facilities, programs, and activities for all people of Grand Forks, regardless of age, physical ability, or economic position.

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

Net position and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Asset** - Net asset that is not subject to donor-imposed stipulations.

**Temporarily Restricted Net Asset** - Net asset subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net asset is reclassified to unrestricted net asset and reported in the statement of activities as net asset released from restrictions.

**Permanently Restricted Net Asset** - Net asset subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

**Financial Statement Presentation**

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial asset and activities accordingly to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash**

The cash balances from all funds are pooled and invested. The Foundation considers all certificates of deposit, no matter what the maturity date and all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be considered cash equivalents and treated as such in the statement of cash flows.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved, at the date the promise was made. The rate used was 4% at year end. When considered necessary, an allowance is recorded based on management's estimate of collectability including such factors as prior collection history, type of contribution, and the nature of fund-raising activity.

**Assets Held for Sale**

The Foundation carries non-current available-for-sale financial assets, which are measured at market value. Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the assets sold.

**Investments**

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values, using level 1 inputs as described below, in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

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.                               |

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Long-Term Obligations**

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized using the straight line method over the life of the related debt. Bond issue costs are reported net of related debt.

**Contributions**

The Foundation also adopted Accounting Standards Codification Topic 605 and 720, *Accounting for Contributions Received* and *Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

**Income Taxes**

The Foundation is organized as a North Dakota non-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Foundation has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Foundation are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 2 CASH**

**A. Deposits**

In accordance with North Dakota laws, the District maintains deposits at depositories authorized by the Board of Commissioners. The depositories are members of the Federal Reserve System.

North Dakota laws require that all public deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal at least 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. North Dakota laws require that securities pledged as collateral be held in safekeeping by the District or in a financial institution other than that furnishing the collateral.

At December 31, 2017, the carrying amount of the District's bank deposits was \$5,192,618 and the bank balance was \$5,319,709, of which all was covered by Federal Depository Insurance or collateral held in safekeeping in the District's name. In addition, there is \$1,423,433 held with fiscal agent as restricted cash for bond covenants. The balance consists entirely of cash. The cash is held at the Bank of New York Mellon and is covered by FDIC coverage.

The carrying amount of Grand Forks Parks and Recreation Foundation's bank deposits were \$666,690 of which all was covered by Federal Depository Insurance. In addition, there are investments of \$847,708. All investments are U.S. government securities or exchange traded funds (ETFs).

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**B. Investments**

As of December 31, 2017, \$6,628,537 of the District's pension trust funds were invested with the North Dakota State Investment Board and \$124,390 of the pension trust funds were invested with Aetna Life Insurance Company. Both the North Dakota State Investment Board and Aetna Life Insurance Company are external investment pools.

As of December 31, 2017, the Foundation had the following investments:

Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)
<b>Grand Forks Parks and Recreation Foundation - Component Unit</b>	
Equity Securities:	
Basic Materials	\$ 3,692
Consumer Cyclical	13,973
Consumer Non-Cyclical	8,370
Energy	5,573
Financial	15,210
Health Care	16,887
Industrials	9,806
Mutual Fund - Equity	117,074
Mutual Funds - International	60,742
Technology	22,331
Telecommunications	2,006
Utility	2,582
Mutual Funds	181,545
Total	<u>\$ 459,791</u>

The remaining \$387,917 investments are invested in Certificates of Deposits.

**Permitted Investments for Restricted Investments**

The 2015 Taxable Wellness Center Revenue Bonds Indenture restricts investments to the following:

- a) Governmental Obligations;
- b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): U.S. Export-Import Bank (Eximbank), as to direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration, as to participation certificates; U.S. Maritime Administration, as to Guaranteed Title XI financing; and U.S. Department of Housing and Urban Development (HUD), as to project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, and U.S. public housing notes and bonds (as to U.S. government guaranteed public housing notes and bonds);
- c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies of the United States of America (non-full faith and credit agencies, and, in the case of stripped securities, only those stripped securities stripped by the federal agency



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

itself): Federal Home Loan Bank System, as to senior debt obligations; Student Loan Marketing Association (SLMA or "Sallie Mae"), as to senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System, as to consolidated system-wide bonds and notes;

- d) direct and general obligations or of bonds or notes issued by, any state of the United States of America or any municipality or political subdivision of any such state, which obligations are rated in one of the two highest rating categories of either S&P or Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;
- e) commercial paper which matures not more than two hundred seventy (270) days after the date of purchase rated, at the time of purchase in the single highest classification, "A-I+" by S&P or "P-I" by Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;
- f) certificates of deposit secured at all times by collateral described in (a) and/or (b) above; provided that such certificates must be issued by commercial banks, savings and loan or mutual savings banks. Such collateral must be held by a third party and the owner must have a perfected security interest in the collateral, including those of the Trustee and its affiliates;
- g) certificates of deposit, savings accounts or deposit account which is fully insured by FDIC, including those of the Trustee and its affiliates;
- h) Investment Agreements, including guaranteed investment contracts entered into with a provider which has an unsecured, uninsured and unguaranteed obligation rating of "Prime -1 "or "A3" or better by Moody's and "A-I" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;
- i) obligations of any state of the United States, any political subdivision thereof or any agency or instrumentality thereof, if such obligations are secured by Governmental Obligations the principal of and interest on which will be sufficient to pay when due the principal and interest on such obligations;
- j) shares or certificates in any short-term investment fund which is maintained by the Trustee and which fund invests solely in Governmental Obligations;
- k) federal funds or bankers acceptances with a maximum term of one (1) year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-I " or "A3" or better by Moody's and "A-I" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee; and
- l) deposits of the Bank of North Dakota which, as provided by Section 6-09-10 of the North Dakota Century Code, are guaranteed by the State.

**Interest Rate Risk**

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

**Credit Risk**

In accordance with North Dakota Century Code, the District allows the following investments:

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an 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 of the type listed above.
- c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.
- d) Obligations of the state.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 3 CAPITAL ASSETS**

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

	Balance 01/01/17	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/17
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 4,845,084	\$ -	\$ -	\$ -	\$ 4,845,084
Land Improvements	12,744,471	262,384	-	-	13,006,855
Construction in Progress	125,931	22,636	(125,931)	-	22,636
Total Capital Assets Not Being Depreciated	17,715,486	285,020	(125,931)	-	17,874,575
Capital Assets Being Depreciated:					
Buildings, Systems, and Structures	33,751,009	657,327	(129,579)	-	34,278,757
Equipment	2,309,602	81,658	-	-	2,391,260
Vehicles	1,061,109	68,982	(80,030)	-	1,050,061
Tractors, Trailers, and Mowers	1,253,870	62,253	(13,262)	-	1,302,861
Total Capital Assets Being Depreciated	38,375,590	870,220	(222,871)	-	39,022,939
Less Accumulated Depreciation:					
Buildings, Systems, and Structures	(10,949,617)	(844,863)	129,579	-	(11,664,901)
Equipment	(1,312,746)	(111,749)	-	6,244	(1,418,251)
Vehicles	(793,917)	(76,749)	80,030	-	(790,636)
Tractors, Trailers, and Mowers	(757,382)	(76,460)	13,262	(6,244)	(826,824)
Total Accumulated Depreciation	(13,813,662)	(1,109,821)	222,871	-	(14,700,612)
Total Capital Assets Being Depreciated, Net	24,561,928	(239,601)	-	-	24,322,327
Governmental Capital Assets, Net	\$ 42,277,414	\$ 45,419	\$ (125,931)	\$ -	\$ 42,196,902
<b>Business-Type Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 3,249,695	\$ -	\$ -	\$ -	\$ 3,249,695
Capital Assets Being Depreciated:					
Land Improvements	541,139	-	-	(541,139)	-
Buildings, Systems, and Structures	29,826,912	53,476	-	-	29,880,388
Golf Course	5,545,680	-	-	541,139	6,086,819
Equipment	1,305,204	32,139	-	-	1,337,343
Vehicles	19,000	-	-	-	19,000
Tractors, Trailers, and Mowers	843,634	39,333	(52,575)	-	830,392
Total Capital Assets Being Depreciated	38,081,569	124,948	(52,575)	-	38,153,942
Less Accumulated Depreciation:					
Land Improvements	(449,573)	-	-	449,573	-
Buildings, Systems, and Structures	(3,465,566)	(633,537)	-	-	(4,099,103)
Golf Course	(1,810,767)	(148,507)	-	(449,573)	(2,408,847)
Equipment	(791,309)	(79,168)	-	-	(870,477)
Vehicles	(18,527)	(333)	-	-	(18,860)
Tractors, Trailers, and Mowers	(569,642)	(62,871)	46,855	-	(585,658)
Total Accumulated Depreciation	(7,105,384)	(924,416)	46,855	-	(7,982,945)
Total Capital Assets Being Depreciated, Net	30,976,185	(799,468)	(5,720)	-	30,170,997
Business-Type Activities Capital Assets, Net	\$ 34,225,880	\$ (799,468)	\$ (5,720)	\$ -	\$ 33,420,692

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

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

Governmental Activities:	
Park Operations	\$ 1,070,407
Forestry	<u>39,414</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,109,821</u>
Business-Type Activities:	
King's Walk Golf Course	\$ 266,288
Lincoln Golf Course	54,830
Choice Health & Fitness	<u>603,298</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 924,416</u>

**NOTE 4 CONTRACT RECEIVABLE**

Annually the District enters into contracts with various sponsors for advertising within the Park District locations. Contract receivable will be received in periodic installments in accordance with the individual contracts through December 31, 2021 as follows:

2018	\$ 320,002
2019	237,140
2020	10,000
2021	<u>10,000</u>
	<u>\$ 577,142</u>

**NOTE 5 PLEDGES RECEIVABLE - FOUNDATION**

Pledges receivable consist of unconditional promises to give from individuals, businesses, and private foundations. These contributions are restricted for construction of Choice Health & Fitness, Scheels Sports Complex, ICON Sports Center, and Veterans Memorial Park and are due according to the following schedule:

Receivable in less than one year	\$ 934,532
Receivable in one to five years	2,988,804
Receivable in more than five years	<u>2,996,554</u>
	<u>\$ 6,919,890</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%. The unamortized discount for promises due in more than one year was \$2,367,385 at December 31, 2017.

Management estimates an allowance for uncollectible pledges to be \$244,160 at December 31, 2017.

Choice Health & Fitness and the Capital Project fund have pledges receivable from the Foundation in the amount of \$4,140,410 and \$2,329,087 at December 31, 2017, respectively. The Foundation owes other organizations \$450,393 at December 31, 2017.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**NOTE 6 LONG-TERM DEBT**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit and unlimited taxing powers of the District.

The District issues refunding improvement bonds to provide funds for improvements within the District. Refunding improvement bonds are payable from special assessments levied against benefited properties, and, in certain instances, ad valorem taxes levied against all taxable property within the District.

The District has entered into contracts payable with ICON Holding, LLC for the purchase of capital assets. The District has also entered into a contract payable with the City of Grand Forks for tapping fees associated with District property.

The District also issues revenue bonds where it pledges income derived from the acquired or constructed assets to pay debt service.

	Date of Issue	Original Amount	Interest Rate	Maturity Date	Balance 12/31/17
<b><u>Governmental Activities:</u></b>					
General Obligation Refunding Improvement Bonds, Series 2011	12/1/2011	\$ 4,500,000	2.00%-3.75%	5/1/2037	\$ 3,680,000
General Obligation Refunding Improvement Bonds, Series 2013A	12/12/2013	1,985,000	2.00%-4.00%	5/1/2033	1,730,000
General Obligation Special Assessment Prepayment Bonds, Series 2014A	1/7/2014	3,065,000	2.00%-3.25%	5/1/2028	2,490,000
General Obligation Refunding Improvement Bonds, Series 2016	5/26/2016	2,025,000	2.00%-2.25%	5/1/2031	1,905,000
General Obligation Refunding Improvement Bonds, Series 2017A	2/9/2017	3,215,000	2.00%-2.50%	5/1/2026	2,950,000
Contracts Payable - ICON Holdings, LLC	9/2/2014	716,750	4.50%	12/31/2024	534,285
Contracts Payable - City of Grand Forks	6/6/2017	590,461	3.00%	12/31/2041	566,843
Total Governmental Activities		<u>\$ 16,097,211</u>			<u>\$ 13,856,128</u>
<b><u>Business-Type Activities:</u></b>					
General Obligation Refunding Improvement Bonds, Series 2009C	9/3/2009	\$ 485,000	1.20%-4.00%	12/1/2021	\$ 190,000
General Obligation Taxable Refunding Improvement Bonds, Series 2009D	9/3/2009	510,000	2.25%-5.40%	12/1/2021	200,000
General Obligation Refunding Improvement Bonds, Series 2014B	2/26/2014	4,820,000	2.00%-2.15%	5/1/2023	3,305,000
Wellness Center Revenue Refunding Bonds, Series 2015	4/30/2015	20,975,000	2.00%-3.50%	12/1/2036	19,110,000
Total Business-Type Activities		<u>\$ 26,790,000</u>			<u>\$ 22,805,000</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/17</u>
<b><u>Component Unit Activities:</u></b>					
Lease Revenue Bonds, Series 2009	12/30/2009	\$ 1,855,000	2.00%-3.50%	12/16/2020	\$ 135,000
Lease Revenue Bonds, Series 2013B	12/12/2013	<u>6,845,000</u>	3.00%-4.25%	10/1/2033	<u>4,820,000</u>
Total Component Unit Activities		<u>\$ 8,700,000</u>			<u>\$ 4,955,000</u>

The Grand Forks Parks and Recreation Foundation issued Lease Revenue Bonds, Series 2009 and 2013B to provide permanent financing for improvements at the District facilities. The Foundation will lease Elks Pool and ICON Sports Center to the District pursuant to the lease agreements. The contract payable amount on the District's financial statements matches the Bonds issued to the Foundation as follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/17</u>
<b><u>Governmental Activities:</u></b>					
Grand Forks Parks and Recreation Foundation	12/30/2009	\$ 1,855,000	2.00%-3.50%	12/16/2020	\$ 135,000
Grand Forks Parks and Recreation Foundation	12/12/2013	<u>6,845,000</u>	3.00%-4.25%	10/1/2033	<u>4,820,000</u>
Total Contract Payable		<u>\$ 8,700,000</u>			<u>\$ 4,955,000</u>

### **Pledged Revenues**

The District's revenues are pledged for Taxable Wellness Center Revenue Bonds, Series 2015. The Bonds and any additional bonds are payable from and secured by a pledge and lien in (i) the revenues derived from operations of the District's revenue producing facilities, (ii) the pledged revenues, as defined, and (iii) investment income derived from the funds created under the Indenture, all as defined and provided in the Indenture.

Annual debt service requirements to maturity for bonds are as follows:

Year Ending December 31,	<b><u>Governmental Activities</u></b>					
	<u>G.O. Refunding Improvement Bonds, Series 2011</u>		<u>G.O. Refunding Improvement Bonds, Series 2013A</u>		<u>G.O. Special Assessment Prepayment Bonds, Series 2014A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 170,000	\$ 105,650	\$ 90,000	\$ 51,216	\$ 200,000	\$ 62,743
2019	180,000	102,150	90,000	49,416	205,000	58,693
2020	180,000	98,460	90,000	47,616	210,000	54,543
2021	185,000	94,442	95,000	45,766	215,000	50,024
2022	190,000	90,035	95,000	43,628	220,000	45,130
2023-2027	1,025,000	372,875	520,000	177,950	1,180,000	133,533
2028-2032	800,000	239,562	615,000	86,600	260,000	4,225
2033-2037	950,000	90,253	135,000	2,700	-	-
2038-2041	-	-	-	-	-	-
	<u>\$ 3,680,000</u>	<u>\$ 1,193,427</u>	<u>\$ 1,730,000</u>	<u>\$ 504,892</u>	<u>\$ 2,490,000</u>	<u>\$ 408,889</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

Year Ending December 31,	<b>Governmental Activities</b>					
	G.O. Refunding Improvement		G.O. Refunding Improvement		ICON Holdings, LLC	
	Bonds, Series 2016		Bonds, Series 2017A		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 120,000	\$ 37,662	\$ 300,000	\$ 63,700	\$ 66,471	\$ 22,932
2019	120,000	35,262	305,000	57,650	69,514	19,890
2020	125,000	32,813	315,000	51,450	72,695	16,708
2021	125,000	30,312	320,000	44,700	76,022	13,381
2022	130,000	27,762	325,000	37,444	79,501	9,902
2023-2027	685,000	98,761	1,385,000	69,893	170,082	8,723
2028-2032	600,000	26,596	-	-	-	-
2033-2037	-	-	-	-	-	-
2038-2041	-	-	-	-	-	-
	<u>\$ 1,905,000</u>	<u>\$ 289,168</u>	<u>\$ 2,950,000</u>	<u>\$ 324,837</u>	<u>\$ 534,285</u>	<u>\$ 91,536</u>

Year Ending December 31,	<b>Governmental Activities</b>			
	City of Grand Forks			
	Contracts Payable		Total	
	Principal	Interest	Principal	Interest
2018	\$ 23,618	\$ 17,005	\$ 970,089	\$ 360,908
2019	23,618	16,297	993,132	339,358
2020	23,618	15,588	1,016,313	317,178
2021	23,618	14,880	1,039,640	293,505
2022	23,618	14,171	1,063,119	268,072
2023-2027	118,090	60,227	5,083,172	921,962
2028-2032	118,090	42,513	2,393,090	399,496
2033-2037	118,090	24,799	1,203,090	117,752
2038-2041	94,483	7,085	94,483	7,085
	<u>\$ 566,843</u>	<u>\$ 212,565</u>	<u>\$ 13,856,128</u>	<u>\$ 3,025,314</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

<b>Business-Type Activities</b>						
Year Ending December 31,	Refunding Improvement Bonds, Series 2009C		Refunding Improvement Bonds, Series 2009D		Refunding Improvement Bonds, Series 2014B	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 45,000	\$ 7,050	\$ 45,000	\$ 10,396	\$ 525,000	\$ 61,720
2019	45,000	5,520	50,000	8,146	535,000	51,120
2020	50,000	3,900	50,000	5,596	545,000	40,320
2021	50,000	2,000	55,000	2,970	555,000	29,320
2022	-	-	-	-	565,000	18,120
2023-2027	-	-	-	-	580,000	6,235
2028-2032	-	-	-	-	-	-
2033-2036	-	-	-	-	-	-
	<u>\$ 190,000</u>	<u>\$ 18,470</u>	<u>\$ 200,000</u>	<u>\$ 27,108</u>	<u>\$ 3,305,000</u>	<u>\$ 206,835</u>

<b>Business-Type Activities</b>				
Wellness Center Revenue Refunding				
Year Ending December 31,	Bonds, Series 2015		Total	
	Principal	Interest	Principal	Interest
2018	\$ 780,000	\$ 592,475	\$ 1,395,000	\$ 671,641
2019	795,000	576,875	1,425,000	641,661
2020	820,000	553,025	1,465,000	602,841
2021	840,000	528,425	1,500,000	562,715
2022	865,000	503,225	1,430,000	521,345
2023-2027	4,710,000	2,111,725	5,290,000	2,117,960
2028-2032	5,390,000	1,359,875	5,390,000	1,359,875
2033-2036	4,910,000	427,119	4,910,000	427,119
	<u>\$ 19,110,000</u>	<u>\$ 6,652,744</u>	<u>\$ 22,805,000</u>	<u>\$ 6,905,157</u>

<b>Component Unit Activities</b>						
Year Ending December 31,	Lease Revenue Bonds, Series 2009		Lease Revenue Bonds, Series 2013B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 45,000	\$ 4,725	\$ 450,000	\$ 166,926	\$ 495,000	\$ 171,651
2019	45,000	3,150	385,000	153,426	430,000	156,576
2020	45,000	1,575	395,000	141,876	440,000	143,451
2021	-	-	410,000	130,026	410,000	130,026
2022	-	-	420,000	117,726	420,000	117,726
2023-2027	-	-	1,230,000	437,938	1,230,000	437,938
2028-2032	-	-	1,250,000	219,896	1,250,000	219,896
2033	-	-	280,000	11,900	280,000	11,900
	<u>\$ 135,000</u>	<u>\$ 9,450</u>	<u>\$ 4,820,000</u>	<u>\$ 1,379,714</u>	<u>\$ 4,955,000</u>	<u>\$ 1,389,164</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Changes in Long-Term Liabilities**

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

	Balance 1/1/17	Issued	Retired	Balance 12/31/17	Due Within One Year
<i>Governmental Activities:</i>					
Bonds Payable:					
General Obligation Bonds	\$ 13,020,000	\$ 3,215,000	\$ (3,480,000)	\$ 12,755,000	\$ 880,000
Unamortized Bond Premium	113,877	74,266	(20,026)	168,117	15,445
Notes Payable - Capital Lease	9,784	-	(9,784)	-	-
Contract Payable	5,530,000	-	(575,000)	4,955,000	495,000
Contract Payable	1,188,309	-	(87,181)	1,101,128	90,089
Special Assessments Debt	638,193	-	(638,193)	-	-
Net Pension Liability:					
Single Employer Plan	2,179,564	230,277	-	2,409,841	-
PERS	1,528,198	1,146,010	-	2,674,208	-
Compensated Absences	301,796	177,589	(175,114)	304,271	175,000
 Governmental Activities Long-Term Liabilities	 <u>\$ 24,509,721</u>	 <u>\$ 4,843,142</u>	 <u>\$ (4,985,298)</u>	 <u>\$ 24,367,565</u>	 <u>\$ 1,655,534</u>
 <i>Business Type Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 24,175,000	\$ -	\$ (1,370,000)	\$ 22,805,000	\$ 1,395,000
Unamortized Bond Premium	274,979	-	(23,266)	251,713	23,266
Unamortized Bond Discount	(3,825)	-	778	(3,047)	(778)
Compensated Absences	160,947	91,485	(66,894)	185,538	67,000
 Business-Type Activities Long-Term Liabilities	 <u>\$ 24,607,101</u>	 <u>\$ 91,485</u>	 <u>\$ (1,459,382)</u>	 <u>\$ 23,239,204</u>	 <u>\$ 1,484,488</u>
 <i>Component Unit Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 5,530,000	\$ -	\$ (575,000)	\$ 4,955,000	\$ 495,000
Unamortized Bond Costs	(36,380)	-	5,555	(30,825)	(5,555)
Component Unit Long-Term Liabilities	<u>\$ 5,493,620</u>	<u>\$ -</u>	<u>\$ (569,445)</u>	<u>\$ 4,924,175</u>	<u>\$ 489,445</u>

State statutes limit the amount of general obligation indebtedness that is supported by tax levies; the District may issue to one percent or less of the total assessed valuation of taxable property. The current value of the District's general obligation bonds is 0.57% of the total assessed value of taxable property.

Compensated absences in governmental activities will be funded primarily through the General Fund.

In 2017, the District issued \$3,215,000 of Refunding Improvement Bonds, Series 2017A to take advantage of lower interest rates. As a result of the refunding, the District anticipates a savings of \$212,616.



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**NOTE 7 RESTRICTED RESERVES**

Wellness Center Revenue Refunding Bond, Series 2015 requires a reserve for future repairs and replacements. The Bond also requires reserve amounts based on future debt requirements. As of December 31, 2017, the reserve account was properly funded with an ending balance of \$1,423,433.

**NOTE 8 FOUNDATION CONTRACT RECEIVABLE**

The Foundation issued Lease Revenue Bonds, Series 2009 and Series 2013B, to provide permanent financing for improvements at the District facilities. The Foundation will lease Elks Pool to the District pursuant to a lease agreement dated December 30, 2009. In addition, the Foundation will lease ICON Sports Center to the District pursuant to a lease agreement dated December 12, 2013. The debt service will be paid by the Foundation from the rental payments. The contract receivable amount for the Foundation, as of December 31, 2017, is as follows:

Year Ending December 31,	Contract Receivable	
	Principal	Interest
2018	\$ 495,000	\$ 171,651
2019	430,000	156,576
2020	440,000	143,451
2021	410,000	130,026
2022	420,000	117,726
2023-2027	1,230,000	437,938
2028-2032	1,250,000	219,896
2033	280,000	11,900
	<u>\$ 4,955,000</u>	<u>\$ 1,389,164</u>

**NOTE 9 FOUNDATION ASSETS HELD FOR SALE**

The Foundation has received donations of 325,000 cubic yards of clay. As of December 31, 2017, the Foundation has 193,000 cubic feet of clay remaining which has been valued at \$0.75 per cubic foot, for a total value of \$144,750.

**NOTE 10 FUND BALANCE**

**Minimum Fund Balance Policy**

The Board of Commissioners has formally adopted a fund balance policy for the General Fund. The policy establishes the District will strive to maintain a minimum general fund balance (unassigned, assigned and committed only) of 15% of the operating expenditures.

**NOTE 11 ENDOWMENT**

The Foundation's endowment consists of funds established for a variety of purposes in support of the Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
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The Board of Directors of the Foundation has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation or deflation.
5. The expected total return from income and appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

**Endowment Net Assets Composition by Type of Fund as of December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total Donor-Restricted Endowment Funds as of December 31, 2017	\$ -	\$ 20,573	\$ 191,967	\$ 212,540

**Changes in Endowment Net Assets for the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, As of January 1, 2017	\$ (1,335)	\$ 460	\$ 191,367	\$ 190,492
Contributions	-	-	600	600
Investment Return:				
Unrealized/realized gain (loss) on investments	-	25,179	-	25,179
Distributions	-	(350)	-	(350)
Fees	-	(3,381)	-	(3,381)
Release from restrictions	1,335	(1,335)	-	-
Endowment Net Assets, As of December 31, 2017	\$ -	\$ 20,573	\$ 191,967	\$ 212,540

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) as of December 31, 2017**

Permanently Restricted Net Assets:

The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	<u>\$ 191,967</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 191,967</u>

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that allow for distributions of dividends and interest income while maintaining the purchasing power of the investment portfolio. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on debt based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of distributing the dividend and interest income annually to the beneficiaries while maintaining the purchasing power of the investment portfolio. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

**NOTE 12 INTERFUND TRANSFERS**

Interfund transfers were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 108,064
Capital Projects Fund	35,369	541,258
Lincoln Golf Course	52,695	-
King's Walk Golf Course	351,258	-
Choice Health & Fitness	210,000	-
Total	<u>\$ 649,322</u>	<u>\$ 649,322</u>

Interfund transfers are to cover expenditures paid in one fund on behalf of another fund.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**NOTE 13 UNEARNED REVENUE**

Unearned revenue has been recorded in the funds for the following:

	Government-Wide Activities	Business-Type Activities
Prepaid Lease Agreement	\$ -	\$ 80,791
Prepaid Contract Agreements	13,350	-
Prepaid Sponsorship Agreements	18,776	-
Prepaid and Scheduled Ice Time	85,960	-
Total	<u>\$ 118,086</u>	<u>\$ 80,791</u>

**NOTE 14 UNAVAILABLE REVENUE**

Unavailable revenue has been recorded in the governmental funds for the following:

	Governmental Activities
Taxes Receivable	\$ 125,467
Special Assessments Receivable	6,992
Sponsorship Receivable	516,142
Contracts Receivable	61,000
Pledges Receivable	2,329,087
Total	<u>\$ 3,038,688</u>

Sponsorship revenue consists of sponsorships paid and contracts signed for the years following December 31, 2017. Pledges receivable consist of multiple signed pledges, to be collected in subsequent years, for construction of ICON Sports Center, Scheels Sports Complex, and Altru Wellness Village outdoor tennis courts.

**NOTE 15 DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER**

**A. Plan Description**

Substantially all full-time employees of the District were eligible to belong to a pension plan administered by the District. Effective January 1, 2010, the plan was closed to new employees. New employees are eligible to be part of NDPERS. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the closed plan rests with the Board of Commissioners of the District.

**Eligibility**

All employees became a member of the pension plan at the time they started employment with the District, if the following conditions were met:

1. All employees of the District were eligible to participate in the plan if they were employed prior to age 60.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
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2. All employees hired after 7/1/1973 were required to join the pension plan provided they were employed prior to age 60.
3. An employee became a contributing participant on the first day of the month after one year of service. However, the employee receives credit for this past one year in calculating years of service in the plan.
4. Past service benefit is limited to ten years prior to 7/1/1973.

“Rule of 90” is a combination of years of service and age that equal 90 years. Participants qualifying for the “Rule of 90” are eligible for full-retirement benefits based on current pension formula.

The Board of Commissioners approved adopting an Early Retirement Benefit plan under the rule of 90. If an employee chooses to retire after reaching the rule of 90, that employee will be eligible to receive 12.5% of the final monthly salary, which will be paid monthly over a four year period, or until they reach age 65, whichever comes first. If an employee does not choose to retire after reaching the rule of 90, that employee may continue to work and remain in the pension plan until he or she chooses to retire.

### **Pension and Death Benefits**

The Pension Plan provides retirement benefits as well as death benefits. All benefits vest after 5 years of vesting service. Retirement benefits at normal retirement date are as follows:

- a. 2% of monthly earnings at 7/1/1973, times years of past benefit service (maximum 10 years); plus.
- b. 2% of final average monthly earnings up to monthly covered compensation, times future benefit service.

If an employee leaves covered employment or dies before 5 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

Benefit and contribution provisions are established by District resolution and may be amended only by the Board of Commissioners.

### **Employees Covered by Benefit Terms**

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive Employees or beneficiaries currently receiving benefits	16
Inactive Employees entitled to but not yet receiving benefits	8
Active Employees	<u>25</u>
	<u>49</u>

### **Member Contributions**

Contributions to the plan are required as follows:

All participants contribute 3.7% or 5.9% of monthly earnings, depending on years of service.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

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

At December 31, 2017, the District reported a liability of \$2,409,841 for the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward to December 31, 2017.

For the year ended December 31, 2017, the District recognized pension expense of \$468,878. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 66,668	\$ -
Changes in actuarial assumptions	433,831	-
Difference between projected and actual investment earnings	-	201,218
Changes in proportion	-	-
Total	<u>\$ 500,499</u>	<u>\$ 201,218</u>

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 December 31:	Pension Expense Amount
2018	\$ 369,087
2019	123,243
2020	(89,764)
2021	(103,285)

**Actuarial Assumptions**

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

Inflation	2.0%
Salary increases	2.0%
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-2014 Combined Healthy Mortality Table.

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:

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real</b>
		<b>Rate of Return</b>
Domestic Stocks	45.00%	7.09%
International Stocks	15.00%	7.30%
Private Equity	5.00%	10.90%
Domestic Fixed Income	25.00%	0.80%
Global Real Assets	10.00%	5.53%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75 percent as of December 31, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the January 1, 2017 Actuarial Valuation Report.

**Changes in the Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Position Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Position Liability (a) - (b)</b>
<b>Balances at 1/1/2016</b>	\$ 8,185,445	\$ 6,005,881	\$ 2,179,564
<b>Changes for the Year:</b>			
Service Cost	51,356	-	51,356
Interest	639,065	-	639,065
Contributions - Employer	-	210,000	(210,000)
Contributions - Employee	-	69,545	(69,545)
Net Investment Income	-	987,588	(987,588)
Differences between expected and actual experience	47,709	-	47,709
Changes of assumptions	743,710	-	743,710
Benefit payments, including refunds of employee contributions	(496,980)	(496,980)	-
Administrative Expenses	-	(15,570)	15,570
<b>Net Changes</b>	<u>984,860</u>	<u>754,583</u>	<u>230,277</u>
<b>Balances at 1/1/2017</b>	<u>\$ 9,170,305</u>	<u>\$ 6,760,464</u>	<u>\$ 2,409,841</u>

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
District's proportionate share of the Single Employer net pension liability:	\$ 3,386,082	\$ 2,409,841	\$ 1,575,948

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**DEFINED BENEFIT PENSION PLANS – STATEWIDE**

**North Dakota Public Employees' Retirement System - Main System - (NDPERS)**

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; 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 NDPERS Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. 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 District reported a liability of \$2,674,208 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 District's proportion of the net pension liability was based on the District's share of covered payroll in the NDPERS Main System pension plan relative to the covered payroll of all participating NDPERS Main System employers. At June 30, 2017, the District's proportion was 0.166376%. At June 30, 2016, the District's proportion was 0.156803%.

For the year ended December 31, 2017, the District recognized pension expense of \$444,537. At December 31, 2017, the District 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 economic experience	\$ 15,895	\$ 13,029
Changes in actuarial assumptions	1,096,606	60,316
Difference between projected and actual investment earnings	35,966	-
Changes in proportion	155,082	21,269
Contributions paid to NDPERS subsequent to the measurement date	75,773	-
Total	<u>\$ 1,379,322</u>	<u>\$ 94,614</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

\$75,773 reported as deferred outflows of resources related to pensions resulting from District 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 December 31:	Pension Expense Amount
2018	\$ 272,877
2019	322,227
2020	284,213
2021	211,777
2022	117,841

**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:

Inflation	3.50%	
Salary increases	Service at Beginning of Year:	Increate 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%
Investment rate of return	7.75%, net of investment expenses	
Cost-of-living adjustments	None	

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

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with ages 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 Retiree Mortality Table with ages set back one year for males (not set back 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:

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Stocks	31.00%	6.05%
International Stocks	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 NDPERS, 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 NDPERS Main 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 NDPERS 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.44 percent) or 1 percentage point higher (7.44 percent) than the current rate:

	1% Decrease in Discount Rate (5.44%)	Discount Rate (6.44%)	1% Increase in Discount Rate (7.44%)
District's proportionate share of the NDPERS net pension liability:	\$ 3,630,320	\$ 2,674,208	\$ 1,878,764

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

**Pension Plan Fiduciary Net Position**

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

**NOTE 16 DEFERRED COMPENSATION PLAN AND TRUST**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to eligible District employees, permits them to defer a portion of their salary until future years. There are two types of deferrals, pre-tax deferrals and Roth, or post-tax deferrals. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the District's reported assets.

**NOTE 17 RISK MANAGEMENT**

In the normal course of the business, the District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Claims resulting from these risks did not exceed insurance coverage in any of the past three years.

**NOTE 18 MEMBERSHIP SHARING WITH ALTRU FAMILY YMCA**

The District is a party in an agreement with the Altru Family YMCA, in which the two parties share membership revenues based on the agreement.

**NOTE 19 NEW PRONOUNCEMENTS**

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. 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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2017**

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.

Management has not yet determined the effect these statements will have on the District's financial statements.

## **NOTE 20 RECLASSIFICATION**

Certain reclassifications have been made to the 2016 financial statements in order to conform with the 2017 presentation.

## **NOTE 21 SUBSEQUENT EVENTS**

No significant events have occurred subsequent to the District's year end. Subsequent events have been evaluated through March 23, 2018, which is the date these financial statements were available to be issued.

\* \* \* \* \*

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO NDPERS/SINGLE EMPLOYER PLANS**  
**AS OF DECEMBER 31, 2017**

Year Ended	Actuarial Determined or Statutorily Required Contributions	District's Contributions	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<b>Single Employer Plan</b>					
2015	\$ 208,429	\$ 210,000	\$ 1,571	\$ 1,351,786	15.54%
2016	276,944	210,000	(66,944)	1,347,615	15.58%
2017	288,286	210,000	(78,286)	1,305,429	16.09%
<b>NDPERS</b>					
2015	132,843	132,843	-	1,865,772	7.12%
2016	120,358	120,358	-	1,690,424	7.12%
2017	129,449	129,449	-	1,818,101	7.12%

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

The single employer pension plan does not have statutorily required contributions; contributions are made based on recommendations from the actuarial study performed annually.

The District implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AS OF DECEMBER 31, 2017**

<u>Year Ended</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered- Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
NDPERS					
2015	0.163035%	\$ 1,108,610	\$ 1,452,445	76.33%	77.15%
2016	0.156803%	1,528,198	1,580,206	96.71%	70.46%
2017	0.166376%	2,674,208	1,698,443	157.45%	61.98%

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

The District implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**SCHEDULE OF CHANGES IN DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS**  
**AS OF DECEMBER 31, 2017**

	2017	2016	2015
<b>Total Pension Liability</b>			
Service Cost	\$ 51,356	\$ 53,042	\$ 65,304
Interest	639,065	613,350	600,859
Differences Between Expected and Actual Experience	47,709	177,548	-
Changes of Assumptions	743,710	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(496,980)</u>	<u>(544,647)</u>	<u>(450,874)</u>
<b>Net Changes</b>	984,860	299,293	215,289
<b>Total Pension Liability - Beginning</b>	<u>8,185,445</u>	<u>7,886,152</u>	<u>7,670,863</u>
<b>Total Pension Liability - Ending (a)</b>	<u><b>\$ 9,170,305</b></u>	<u><b>\$ 8,185,445</b></u>	<u><b>\$ 7,886,152</b></u>
<b>Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 210,000	\$ 210,000	\$ 210,000
Contributions - Employee	69,545	74,628	79,340
Net Investment Income	987,588	392,405	67,259
Benefit Payments, Including Refunds of Employee Contributions	(496,980)	(544,647)	(450,874)
Administrative Expenses	<u>(15,570)</u>	<u>(13,466)</u>	<u>(18,795)</u>
<b>Net Changes in Plan Fiduciary Net Position</b>	754,583	118,920	(113,070)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>6,005,881</u>	<u>5,886,961</u>	<u>6,000,031</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><b>\$ 6,760,464</b></u>	<u><b>\$ 6,005,881</b></u>	<u><b>\$ 5,886,961</b></u>
<b>District's Net Pension Liability - Ending (a) - (b)</b>	<u><b>\$ 2,409,841</b></u>	<u><b>\$ 2,179,564</b></u>	<u><b>\$ 1,999,191</b></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	73.72%	73.37%	74.65%
<b>Covered Employee Payroll</b>	\$ 1,305,429	\$ 1,347,615	\$ 1,351,786
<b>District's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	184.60%	161.73%	147.89%

The District implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information



**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Local Property Taxes	\$ 5,501,200	\$ 5,670,237	\$ 169,037
State Revenues	890,000	816,622	(73,378)
Program Income	1,141,800	1,226,093	84,293
Investment Earnings	6,000	54,884	48,884
Sponsorship	340,000	317,394	(22,606)
Donations	10,000	8,671	(1,329)
Miscellaneous	<u>29,000</u>	<u>63,625</u>	<u>34,625</u>
 Total Revenues	 <u>7,918,000</u>	 <u>8,157,526</u>	 <u>239,526</u>
<b>EXPENDITURES</b>			
Current:			
Park Operations	5,459,700	5,209,101	250,599
Forestry	804,800	793,073	11,727
Recreation	760,700	698,343	62,357
Capital Outlay:			
Capital and Betterment	544,000	489,329	54,671
Debt Service:			
Principal Retirement	-	96,965	(96,965)
Interest Charges	<u>-</u>	<u>43,833</u>	<u>(43,833)</u>
 Total Expenditures	 <u>7,569,200</u>	 <u>7,330,644</u>	 <u>238,556</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>348,800</u>	 <u>826,882</u>	 <u>478,082</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(60,000)</u>	<u>(108,064)</u>	<u>(48,064)</u>
 Total Other Financing Sources (Uses)	 <u>(60,000)</u>	 <u>(108,064)</u>	 <u>(48,064)</u>
 Net Change in Fund Balances	 288,800	 718,818	 430,018
Fund Balances - Beginning of Year	<u>1,542,051</u>	<u>1,542,051</u>	<u>-</u>
Fund Balances - End of Year	<u><u>\$ 1,830,851</u></u>	<u><u>\$ 2,260,869</u></u>	<u><u>\$ 430,018</u></u>

See Notes to the Required Supplementary Information

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 BUDGETARY DATA**

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

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

The Board of Commissioners shall give preliminary approval of the District budget and give first reading of the annual appropriation ordinance by September 10 of each year. The Board of Commissioners will hold public hearings and may subtract from or change appropriations. Any changes in the budget must be with the revenues and reserves estimated as available by the Superintendent of Finance or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Commissioners.

Supplemental appropriations must be passed by ordinance by the Board of Commissioners at fund level and may only be done within additional revenues or reserves that were not anticipated at the time of original adoption of the annual budget and appropriation ordinance.

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

The final budget must be adopted on or before October 7. The budget must be submitted to the county auditor by October 10. The budget may be amended during the year, except no amendment changing the taxes levied can be made after October 10.

All budgeted appropriations lapse at the end of the fiscal year.

**NOTE 2 CHANGES OF ASSUMPTIONS – NDPERS**

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.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**COMBINING SCHEDULE OF BALANCE SHEET – GENERAL FUND**  
**AS OF DECEMBER 31, 2017**

	General Fund	Forestry Fund	Recreation Fund	Total General Funds
<b>Assets</b>				
Cash	\$ 1,614,855	\$ 533,563	\$ 291,707	\$ 2,440,125
Accounts Receivable	324,808	-	-	324,808
Taxes Receivable	91,995	8,555	811	101,361
Contract Receivable	577,142	-	-	577,142
Prepaid Expenses	14,310	-	-	14,310
Total Assets	<u>\$ 2,623,110</u>	<u>\$ 542,118</u>	<u>\$ 292,518</u>	<u>\$ 3,457,746</u>
<b>Liabilities</b>				
Accounts Payable	\$ 260,684	\$ -	\$ -	\$ 260,684
Unearned Revenue	118,086	-	-	118,086
Sales Tax Payable	2,217	-	96	2,313
Gift Certificate/Card Payable	23,445	-	-	23,445
Accrued Payroll	88,722	22,308	12,954	123,984
Total Liabilities	<u>493,154</u>	<u>22,308</u>	<u>13,050</u>	<u>528,512</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Property Taxes	84,231	-	-	84,231
Unavailable Revenue - Special Assessments	-	6,992	-	6,992
Unavailable Revenue - Contracts and Pledges	577,142	-	-	577,142
Total Deferred Inflows of Resources	<u>661,373</u>	<u>6,992</u>	<u>-</u>	<u>668,365</u>
<b>Fund Balances</b>				
Nonspendable - Prepaid Expenses	14,310	-	-	14,310
Unassigned	1,454,273	512,818	279,468	2,246,559
Total Fund Balances	<u>1,468,583</u>	<u>512,818</u>	<u>279,468</u>	<u>2,260,869</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,623,110</u>	<u>\$ 542,118</u>	<u>\$ 292,518</u>	<u>\$ 3,457,746</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Forestry Fund	Recreation Fund	Total General Funds
<b>Revenues</b>				
Local Property Taxes	\$ 4,245,538	\$ 832,003	\$ 592,696	\$ 5,670,237
State Revenues	816,622	-	-	816,622
Program Income	972,019	2,320	251,754	1,226,093
Investment Earnings	54,884	-	-	54,884
Sponsorships	316,096	-	1,298	317,394
Donations	-	-	8,671	8,671
Miscellaneous	50,647	6,228	6,750	63,625
Total Revenues	<u>6,455,806</u>	<u>840,551</u>	<u>861,169</u>	<u>8,157,526</u>
<b>Expenditures</b>				
Current:				
Park Operations	5,209,101	-	-	5,209,101
Forestry	-	793,073	-	793,073
Recreation	-	-	698,343	698,343
Capital Outlay:				
Capital and Betterment	449,419	39,910	-	489,329
Debt Service:				
Principal Retirement	96,965	-	-	96,965
Interest Charges	43,833	-	-	43,833
Total Expenditures	<u>5,799,318</u>	<u>832,983</u>	<u>698,343</u>	<u>7,330,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>656,488</u>	<u>7,568</u>	<u>162,826</u>	<u>826,882</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	(68,064)	-	(40,000)	(108,064)
Total Other Financing Sources (Uses)	<u>(68,064)</u>	<u>-</u>	<u>(40,000)</u>	<u>(108,064)</u>
Net Change in Fund Balances	588,424	7,568	122,826	718,818
Fund Balance Beginning of Year	<u>880,159</u>	<u>505,250</u>	<u>156,642</u>	<u>1,542,051</u>
Fund Balance End of Year	<u>\$ 1,468,583</u>	<u>\$ 512,818</u>	<u>\$ 279,468</u>	<u>\$ 2,260,869</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF FINANCIAL POSITION**  
**FOUNDATION COMPONENT UNIT**  
**AS OF DECEMBER 31, 2017**

**Assets**

Current Assets:

Cash & Cash Equivalents	\$ 666,690
Investments	847,708
Accounts Receivable	41,928
Pledges Receivable, Net of Allowances	934,532
Contract Receivable	<u>495,000</u>
Total Current Assets	<u>2,985,858</u>

Non - Current Assets:

Assets Held for Sale	144,750
Pledges Receivable, Net of Current Portion and Allowance	5,985,358
Contract Receivable, Net of Current Portion	<u>4,460,000</u>
Total Non - Current Assets	<u>10,590,108</u>

Total Assets	<u><u>\$ 13,575,966</u></u>
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**Liabilities**

Current Liabilities:

Accounts Payable	\$ 3,976
Interest Payable	41,928
Pledges Payable, Net of Allowances	1,080,985
Bonds Payable	<u>495,000</u>
Total Current Liabilities	<u>1,621,889</u>

Non - Current Liabilities:

Unearned Revenue	106,138
Pledges Payable, Net of Current Portion and Allowance	6,128,578
Bonds Payable, Net of Current Portion	4,460,000
Less: Unamortized Bond Issue Costs	<u>(30,825)</u>
Total Non - Current Liabilities	<u>10,663,891</u>

Total Liabilities	<u>12,285,780</u>
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**Net Assets**

Unrestricted	897,610
Temporarily Restricted	200,609
Permanently Restricted	<u>191,967</u>
Total Net Assets	<u>1,290,186</u>

Total Liabilities and Net Assets	<u><u>\$ 13,575,966</u></u>
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**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF ACTIVITIES**  
**FOUNDATION COMPONENT UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
<b>SUPPORT AND REVENUE</b>				
Gifts and Bequests	\$ 600	\$ 375,777	\$ 518,308	\$ 894,685
Rent Income	-	-	185,086	185,086
Interest, Dividends, Gains and (Losses)	-	26,230	29,153	55,383
Net Assets Released from Restriction	-	(306,634)	306,634	-
	<u>600</u>	<u>95,373</u>	<u>1,039,181</u>	<u>1,135,154</u>
<b>EXPENSES</b>				
Marketing	-	-	3,972	3,972
Contributions	-	-	352,286	352,286
Interest Expense	-	-	190,641	190,641
Office Expense	-	-	3,498	3,498
Miscellaneous	-	-	15,912	15,912
	<u>-</u>	<u>-</u>	<u>566,309</u>	<u>566,309</u>
<b>CHANGES IN NET ASSETS</b>	600	95,373	472,872	568,845
<b>BEGINNING NET ASSETS</b>	<u>191,367</u>	<u>105,236</u>	<u>424,738</u>	<u>721,341</u>
<b>ENDING NET ASSETS</b>	<u>\$ 191,967</u>	<u>\$ 200,609</u>	<u>\$ 897,610</u>	<u>\$ 1,290,186</u>



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 Board of Commissioners  
Park District of the City of Grand Forks  
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, each major fund and discretely presented component unit information of the Park District 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 Park District of the City of Grand Forks' basic financial statements and have issued our report thereon dated March 23, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Park District of 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Park District of the City of Grand Forks' internal control. Accordingly, we do not express an opinion on the effectiveness of the Park District of the City of Grand Forks' 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 Park District of the City of Grand Forks' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



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

March 23, 2018