

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**ROSTER OF DISTRICT OFFICIALS**  
**AS OF DECEMBER 31, 2015**

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

\* \* \* \* \*



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## 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, the discretely presented component unit and the aggregate remaining fund information of the Park District of the City of Grand Forks as of and for the year ended December 31, 2015, 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, the discretely presented component unit and the aggregate remaining fund information of the Park District of the City of Grand Forks, as of December 31, 2015, 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.

### ***Emphasis of Matter***

#### **Adoption of New Accounting Standard**

As described in Note 23 to the financial statements, the Park District of the City of Grand Forks adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 23 to the financial statements, the Park District of the City of Grand Forks has restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

### ***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 Park District of the City of Grand Forks' contributions to PERS and single employer plan, schedule of Park District of the City of Grand Forks' and non-employer proportionate share of the net pension liability, schedule of changes in the Park District of the City of Grand Forks 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 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 May 31, 2016 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**

May 31, 2016

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 with comparisons for the year ended December 31, 2014. 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 of the District exceeded its liabilities at the close of the most recent fiscal year by \$40,876,923 (net position). Of this amount, \$5,692,201 (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 \$2,127,445.
- GASB Statements No. 68 and 71 were implemented resulting in a decrease in Net Position of \$2,551,022.
- Total liabilities were \$49,733,142 at December 31, 2015. This is a decrease of \$154,877 from the balance at December 31, 2014.

### **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 liabilities 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 those assets. 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, 2015 AND 2014**

**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 2015 and 2014:

**Table 1**  
**Statement of Net Position**  
 December 31, 2015

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current and Other Assets	\$ 6,143,274	\$ 8,649,582	\$ 14,792,856
Capital Assets, Net	40,921,438	34,564,474	75,485,912
<i>Total Assets</i>	47,064,712	43,214,056	90,278,768
<b>Deferred Outflows of Resources</b>	471,946	-	471,946
<b>Liabilities</b>			
Current Liabilities	648,935	249,117	898,052
Long-Term Liabilities:			
Due within One Year	1,826,087	1,447,970	3,274,057
Due in more than One Year	21,026,568	24,534,465	45,561,033
<i>Total Liabilities</i>	23,501,590	26,231,552	49,733,142
<b>Deferred Inflows of Resources</b>	140,649	-	140,649
<b>Net Position</b>			
Net Investment in Capital Assets	21,451,141	8,725,833	30,176,974
Restricted	3,269,914	1,737,834	5,007,748
Unrestricted	(826,636)	6,518,837	5,692,201
<i>Total Net Position</i>	\$ 23,894,419	\$ 16,982,504	\$ 40,876,923

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**Table 1 Continued**  
**Statement of Net Position**  
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current and Other Assets	\$ 6,623,987	\$ 9,741,336	\$ 16,365,323
Capital Assets, Net	39,621,906	35,201,290	74,823,196
<i>Total Assets</i>	46,245,893	44,942,626	91,188,519
<b>Liabilities</b>			
Current Liabilities	1,284,291	271,078	1,555,369
Long-Term Liabilities:			
Due within One Year	1,717,518	1,397,495	3,115,013
Due in more than One Year	18,624,819	26,592,818	45,217,637
<i>Total Liabilities</i>	21,626,628	28,261,391	49,888,019
<b>Net Position</b>			
Net Investment in Capital Assets	19,535,112	7,348,755	26,883,867
Restricted	3,755,090	2,279,870	6,034,960
Unrestricted	1,329,063	7,052,610	8,381,673
<i>Total Net Position</i>	\$ 24,619,265	\$ 16,681,235	\$ 41,300,500

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**Table 2**  
**Changes in Net Position**  
As of December 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 1,136,451	\$ 5,536,582	\$ 6,673,033
Operating Grants and Contributions	10,860	-	10,860
Capital Grants and Contributions	3,601,489	725,974	4,327,463
General Revenues			
Property Taxes	6,240,105	-	6,240,105
State Revenues	1,131,592	-	1,131,592
Other	184,666	62,119	246,785
<i>Total Revenues</i>	<u>12,305,163</u>	<u>6,324,675</u>	<u>18,629,838</u>
<b>Expenses</b>			
Program Expenses			
Park Operations	7,507,949	-	7,507,949
Forestry	838,405	-	838,405
Recreation	916,896	-	916,896
Interest on Long-Term Debt	653,637	-	653,637
King's Walk Golf Course	-	1,339,365	1,339,365
Lincoln Golf Course	-	313,796	313,796
Choice Health & Fitness	-	4,932,345	4,932,345
<i>Total Expenses</i>	<u>9,916,887</u>	<u>6,585,506</u>	<u>16,502,393</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	2,388,276	(260,831)	2,127,445
<b>Transfers</b>	<u>(562,100)</u>	<u>562,100</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	1,826,176	301,269	2,127,445
<b>Net Position as Originally Stated</b>	24,619,265	16,681,235	41,300,500
<b>Adjust for GASB 68 and 71-See Note 23</b>	<u>(2,551,022)</u>	<u>-</u>	<u>(2,551,022)</u>
<b>Net Position Beginning, as Restated</b>	<u>22,068,243</u>	<u>16,681,235</u>	<u>38,749,478</u>
<b>Net Position End of Year</b>	<u>\$ 23,894,419</u>	<u>\$ 16,982,504</u>	<u>\$ 40,876,923</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**Table 2 Continued**  
**Changes in Net Position**  
As of December 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 973,033	\$ 5,066,970	\$ 6,040,003
Operating Grants and Contributions	1,383	-	1,383
Capital Grants and Contributions	1,767,115	828,718	2,595,833
General Revenues			-
Property Taxes	5,753,488	-	5,753,488
State Revenues	1,289,965	-	1,289,965
Special Assessments	-	-	-
Other	148,284	402,998	551,282
<i>Total Revenues</i>	<u>9,933,268</u>	<u>6,298,686</u>	<u>16,231,954</u>
<b>Expenses</b>			
Program Expenses			
Park Operations	5,132,039	-	5,132,039
Forestry	863,522	-	863,522
Recreation	860,884	-	860,884
Interest on Long-Term Debt	862,460	-	862,460
King's Walk Golf Course	-	1,406,033	1,406,033
Lincoln Golf Course	-	304,092	304,092
Choice Health & Fitness	-	5,525,422	5,525,422
<i>Total Expenses</i>	<u>7,718,905</u>	<u>7,235,547</u>	<u>14,954,452</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	2,214,363	(936,861)	1,277,502
<b>Transfers</b>	<u>157,705</u>	<u>(157,705)</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	2,372,068	(1,094,566)	1,277,502
<b>Net Position Beginning of Year</b>	<u>22,247,197</u>	<u>17,775,801</u>	<u>40,022,998</u>
<b>Net Position End of Year</b>	<u>\$ 24,619,265</u>	<u>\$ 16,681,235</u>	<u>\$ 41,300,500</u>

Choice Health & Fitness membership revenue increased over \$210,000 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 14,900 members and ended the year with approximately 15,600 members. Growth in members is expected to slightly increase and the focus will be on member retention for 2016. In programming revenue, we saw increases in a number of areas due to added members and also with the increase in services provided. We believe 2016 will bring additional growth in some programs. On the expense side, 2015 remained close to prior year with the exception of professional fees related to the bond refinancing. By refinancing these bonds an estimated \$4,400,000 was saved over

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

the life of the bonds. For 2016 we will continue to maintain current programs and design new programs that will allow us to provide great customer service with the financial levels needed to support it.

King's Walk Golf Course was open from late March to early November in 2015. Total operating revenue was approximately 8% more than the 2014 revenue. This increase was mainly due to an early opening and having nice golfing weather throughout the summer. Over 28,800 rounds were played in 2015 and were up 8% from the 2014 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 2016.

Lincoln Golf Course was open from early April to late October in 2015. Total operating revenue was approximately 11% more than the 2014 operating revenue. This increase was mainly due to an early opening and having nice golfing weather throughout the summer. Over 17,600 rounds were played in 2015 and were up 6% from the 2014 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 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 2015.

Original and final budgeted revenues for the general fund in 2015 were \$6,344,150 and the actual revenues were \$6,782,642. The major factor contributing to the increase of actual revenues over budgeted revenues in 2015 includes increased sponsorship revenue due to the first year of a new sponsorship agreement of approximately \$297,000.

Original and final budgeted expenditures for the general fund were \$6,026,500 and the actual expenditures were \$7,561,271. Actual expenses were greater than budgeted mainly due to: our new sponsorship and marketing agreement which added \$717,000 of new equipment to the District's system, ICON Sports Center startup expenses such as landscaping, irrigation, stadium seats, office furniture, and a sound barrier fence, in addition higher than budgeted first year operating expenses for the ICON Sports Center.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**Capital Assets**

**Table 3**  
**Capital Assets at December 31, 2015**  
**(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,254,623	\$ 3,172,014	\$ 7,426,637
Land Improvements	12,460,404	-	12,460,404
Buildings, Systems & Structures	22,263,090	26,521,992	48,785,082
Golf Course	-	4,056,556	4,056,556
Equipment	1,370,969	588,392	1,959,361
Vehicles	194,172	806	194,978
Tractors, Trailers, and Mowers	334,754	224,714	559,468
Construction in Progress	43,425	-	43,425
<i>Totals</i>	<u>\$ 40,921,438</u>	<u>\$ 34,564,474</u>	<u>\$ 75,485,912</u>

**Capital Assets at December 31, 2014**  
**(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,522,255	\$ 3,249,695	\$ 6,771,950
Land Improvements	11,831,110	-	11,831,110
Buildings, Systems & Structures	22,410,709	27,052,601	49,463,310
Golf Course	-	4,121,295	4,121,295
Equipment	1,346,025	567,652	1,913,677
Vehicles	189,687	1,140	190,827
Tractors, Trailers, and Mowers	322,120	208,907	531,027
<i>Totals</i>	<u>\$ 39,621,906</u>	<u>\$ 35,201,290</u>	<u>\$ 74,823,196</u>

Additional information on the Park District of the City of Grand Forks' 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, 2015 AND 2014**

**Long-Term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$37,918,282, contract payable of \$6,738,629, special assessments of \$632,133, a capital lease of \$19,894, net pension liabilities of \$3,107,801, and compensated absences of \$418,351.

**Table 4**  
**Outstanding Debt at December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 12,079,641	\$ -	\$ 12,079,641
Revenue Bonds	-	25,838,641	25,838,641
Contract Payable	6,738,629	-	6,738,629
Special Assessments Debt	632,133	-	632,133
Net Pension Liability	3,107,801	-	3,107,801
Capital Leases	19,894	-	19,894
Compensated Absences	274,557	143,794	418,351
<b>Total</b>	<b>\$ 22,852,655</b>	<b>\$ 25,982,435</b>	<b>\$ 48,835,090</b>

**Outstanding Debt at December 31, 2014**

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 13,095,138	\$ -	\$ 13,095,138
Revenue Bonds	-	27,852,535	27,852,535
Contract Payable	6,615,000	-	6,615,000
Special Assessments Debt	347,206	-	347,206
Capital Leases	29,450	-	29,450
Compensated Absences	255,543	137,778	393,321
<b>Total</b>	<b>\$ 20,342,337</b>	<b>\$ 27,990,313</b>	<b>\$ 48,332,650</b>

The District's total debt increased by \$502,440 during the current fiscal year.

Additional information on the Park District of the City of Grand Forks' long-term debt can be found in Note 8 of this report.

**Current Financial Related Activities**

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**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. In 2015, the District completed a Master Plan for the entire District. Results show the District has an adequate amount of parks, programs, and outstanding facilities. The results also show the public is satisfied with the service of the District.

For 2016, the District is continuing to expand and improve facilities to meet demand. Parking lot construction and maintenance projects will start in the spring. The parking lot construction will include Lincoln Golf Course, Apollo Park, and Ulland Softball Complex. New parking lots will be added at Kiwanis Park, Veterans Memorial Park, Richards West, and Ryan Lake Park. Altru Wellness Village is considering adding trails, outdoor fitness equipment, educational crops and kiosks to the property. At Scheels Sports Complex, utility and site work will be completed for the concession stand and restroom building.

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 District budgeted to increase the reserves in the government funds for 2016.

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 increases in membership and program revenue again this year. The golf courses continue to see the amount of rounds played and season memberships sold to be consistent with historical totals. The District's enterprise funds performed well in 2015.

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 had two fields constructed in 2015, 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 in order 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.

**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.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**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 facility, 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, 2015**

	Governmental Activities	Business Type Activities	Total	Component Unit
<b>Assets</b>				
Cash	\$ 1,439,007	\$ 2,097,530	\$ 3,536,537	\$ 524,083
Investments	-	-	-	276,463
Restricted Cash & Investments				
with Fiscal Agent - Debt Service	-	1,737,834	1,737,834	-
Accounts Receivable	441,026	60,071	501,097	49,852
Pledges Receivable, Net	3,084,992	4,657,746	7,742,738	8,237,778
Taxes Receivable	90,116	-	90,116	-
Special Assessments Receivable	16,341	26,397	42,738	-
Contract Receivable	1,071,792	-	1,071,792	6,080,000
Interest Receivable	-	4,134	4,134	-
Inventory	-	65,870	65,870	-
Nondepreciable Capital Assets	16,758,451	3,172,014	19,930,465	-
Depreciable Capital Assets, Net	24,162,987	31,392,460	55,555,447	-
Unamortized Bond Issue Costs	-	-	-	41,935
<b>Total Assets</b>	<b><u>47,064,712</u></b>	<b><u>43,214,056</u></b>	<b><u>90,278,768</u></b>	<b><u>15,210,111</u></b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources - PERS	261,781	-	261,781	-
Deferred Outflows of Resources - Single Employer Plan	210,165	-	210,165	-
<b>Total Deferred Inflows of Resources</b>	<b><u>471,946</u></b>	<b><u>-</u></b>	<b><u>471,946</u></b>	<b><u>-</u></b>
<b>Liabilities</b>				
Accounts Payable	265,452	46,942	312,394	510
Sales Tax Payable	2,243	1,484	3,727	-
Accrued Payroll	112,857	77,462	190,319	-
Accrued Interest Payable	95,218	68,958	164,176	49,852
Unearned Revenue	173,165	54,271	227,436	-
Non Current Liabilities:				
Due Within One Year	1,826,087	1,447,970	3,274,057	1,628,655
Due in More than One Year	21,026,568	24,534,465	45,561,033	12,811,302
<b>Total Liabilities</b>	<b><u>23,501,590</u></b>	<b><u>26,231,552</u></b>	<b><u>49,733,142</u></b>	<b><u>14,490,319</u></b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources - PERS	122,711	-	122,711	-
Deferred Inflows of Resources - Single Employer Plan	17,938	-	17,938	-
<b>Total Deferred Inflows of Resources</b>	<b><u>140,649</u></b>	<b><u>-</u></b>	<b><u>140,649</u></b>	<b><u>-</u></b>
<b>Net Position</b>				
Net Investment in Capital Assets	21,451,141	8,725,833	30,176,974	-
Restricted for:				
Debt Service	129,203	-	129,203	-
Capital Projects	3,140,711	-	3,140,711	-
Choice Health & Fitness - Cash	-	1,737,834	1,737,834	-
Foundation	-	-	-	331,412
Unrestricted	(826,636)	6,518,837	5,692,201	388,380
<b>Total Net Position</b>	<b><u>\$ 23,894,419</u></b>	<b><u>\$ 16,982,504</u></b>	<b><u>\$ 40,876,923</u></b>	<b><u>\$ 719,792</u></b>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	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	\$ 7,507,949	\$ 893,359	\$ -	\$ 3,601,489	\$ (3,013,101)	\$ -	\$ (3,013,101)	\$ -
Forestry	838,405	1,840	-	-	(836,565)	-	(836,565)	-
Recreation	916,896	241,252	10,860	-	(664,784)	-	(664,784)	-
Interest on Long-Term Debt	<u>653,637</u>	-	-	-	<u>(653,637)</u>	-	<u>(653,637)</u>	-
Total Governmental Activities	<u>9,916,887</u>	<u>1,136,451</u>	<u>10,860</u>	<u>3,601,489</u>	<u>(5,168,087)</u>	<u>-</u>	<u>(5,168,087)</u>	<u>-</u>
<b>Business-Type Activities</b>								
King's Walk Golf Course	1,339,365	1,165,524	-	84,566	-	(89,275)	(89,275)	-
Lincoln Golf Course	313,796	264,741	-	-	-	(49,055)	(49,055)	-
Choice Health & Fitness	<u>4,932,345</u>	<u>4,106,317</u>	-	<u>641,408</u>	-	<u>(184,620)</u>	<u>(184,620)</u>	-
Total Business- Type Activities	<u>6,585,506</u>	<u>5,536,582</u>	<u>-</u>	<u>725,974</u>	<u>-</u>	<u>(322,950)</u>	<u>(322,950)</u>	<u>-</u>
Total Primary Government	<u>\$ 16,502,393</u>	<u>\$ 6,673,033</u>	<u>\$ 10,860</u>	<u>\$ 4,327,463</u>	<u>(5,168,087)</u>	<u>(322,950)</u>	<u>(5,491,037)</u>	<u>-</u>
<b>Component Unit</b>								
Foundation	<u>\$ 986,074</u>							<u>(986,074)</u>
General Revenues:								
Property Taxes					6,240,105	-	6,240,105	-
Grants and Entitlements not Restricted to Specific Programs					1,131,592	-	1,131,592	746,124
Investment Earnings					7,506	60,619	68,125	1,891
Miscellaneous					177,160	-	177,160	271,929
Gain on Sale of Capital Assets					-	1,500	1,500	-
Transfers					<u>(562,100)</u>	<u>562,100</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>6,994,263</u>	<u>624,219</u>	<u>7,618,482</u>	<u>1,019,944</u>
Change in Net Position					<u>1,826,176</u>	<u>301,269</u>	<u>2,127,445</u>	<u>33,870</u>
Net Position- Beginning, as Originally Stated					24,619,265	16,681,235	41,300,500	685,922
Adjust for GASB 68 and 71-See Note 23					<u>(2,551,022)</u>	<u>-</u>	<u>(2,551,022)</u>	<u>-</u>
Net Position-Beginning, as Restated					<u>22,068,243</u>	<u>16,681,235</u>	<u>38,749,478</u>	<u>685,922</u>
Net Position- End of Year					<u>\$ 23,894,419</u>	<u>\$ 16,982,504</u>	<u>\$ 40,876,923</u>	<u>\$ 719,792</u>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor - Social Security Fund	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 1,232,989	\$ 206,018	-	\$ -	\$ 1,439,007
Accounts Receivable	441,026	-	-	-	441,026
Taxes Receivable	60,620	18,403	11,093	-	90,116
Special Assessments Receivable	16,341	-	-	-	16,341
Pledge Receivable	-	-	3,084,992	-	3,084,992
Contract Receivable	1,031,792	-	40,000	-	1,071,792
Due From Other Funds	<u>64,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,604</u>
<b>Total Assets</b>	<u><b>\$ 2,847,372</b></u>	<u><b>\$ 224,421</b></u>	<u><b>\$ 3,136,085</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 6,207,878</b></u>
<b>Liabilities</b>					
Accounts Payable	\$ 265,452	\$ -	\$ -	\$ -	\$ 265,452
Due to Other Funds	-	-	64,604	-	64,604
Sales Tax Payable	2,243	-	-	-	2,243
Unearned Revenue	173,165	-	-	-	173,165
Accrued Payroll	<u>112,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,857</u>
<b>Total Liabilities</b>	<u>553,717</u>	<u>-</u>	<u>64,604</u>	<u>-</u>	<u>618,321</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	47,846	14,473	8,719	-	71,038
Unavailable Revenue - Special Assessments	16,341	-	-	-	16,341
Unavailable Revenue - Grant	-	-	7,000	-	7,000
Unavailable Revenue - Contracts and Pledges	<u>1,073,652</u>	<u>-</u>	<u>3,124,992</u>	<u>-</u>	<u>4,198,644</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,137,839</u>	<u>14,473</u>	<u>3,140,711</u>	<u>-</u>	<u>4,293,023</u>
<b>Fund Balances</b>					
Restricted For:					
Debt Service	-	209,948	-	-	209,948
Unassigned	<u>1,155,816</u>	<u>-</u>	<u>(69,230)</u>	<u>-</u>	<u>1,086,586</u>
<b>Total Fund Balances</b>	<u>1,155,816</u>	<u>209,948</u>	<u>(69,230)</u>	<u>-</u>	<u>1,296,534</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u><b>\$ 2,847,372</b></u>	<u><b>\$ 224,421</b></u>	<u><b>\$ 3,136,085</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 6,207,878</b></u>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**AS OF DECEMBER 31, 2015**

**Total Governmental Funds Balance** \$ 1,296,534

**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. 40,921,438

Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the governmental funds:

Contract Receivable	\$ 1,113,652
Grant Receivable	7,000
Special Assessments	16,341
Property Taxes	71,038
Pledge Receivable	<u>3,084,992</u>

Total 4,293,023

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	210,165
Deferred Outflows of Resources - PERS	261,781
Deferred Inflows of Resources - Single Employer Plan	(17,938)
Deferred Inflows of Resources - PERS	(122,711)

331,297

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

Accrued Interest	(95,218)
Compensated Absences	(274,557)
Special Assessments	(632,133)
Notes Payable	(6,758,523)
Premium on Bonds Payable	(79,641)
Net Pension Liability - PERS	(1,108,610)
Net Pension Liability - Single Employer Plan	(1,999,191)
Bonds Payable	<u>(12,000,000)</u>

Total (22,947,873)

Net Position of Governmental Activities \$ 23,894,419

See Notes to the 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, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor - Social Security Fund	Total Governmental Funds
<b>Revenues</b>					
Local Property Taxes	\$ 4,116,855	\$ 1,473,956	\$ 887,959	\$ 755,356	\$ 7,234,126
State Revenues	1,131,592	-	-	-	1,131,592
Program Income	1,171,019	-	-	-	1,171,019
Investment Earnings	7,506	-	-	-	7,506
Donations	308,268	-	658,010	-	966,278
Miscellaneous	47,402	-	129,760	-	177,162
<b>Total Revenues</b>	<u>6,782,642</u>	<u>1,473,956</u>	<u>1,675,729</u>	<u>755,356</u>	<u>10,687,683</u>
<b>Expenditures</b>					
Current:					
Park Operations	4,439,043	-	-	703,320	5,142,363
Forestry	752,698	-	-	-	752,698
Recreation	823,399	-	-	-	823,399
Capital Outlay:					
Capital and Betterment	1,445,749	310,260	731,103	-	2,487,112
Debt Service:					
Principal Retirement	67,677	1,345,655	535,000	-	1,948,332
Interest Charges	32,705	407,897	222,076	-	662,678
<b>Total Expenditures</b>	<u>7,561,271</u>	<u>2,063,812</u>	<u>1,488,179</u>	<u>703,320</u>	<u>11,816,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(778,629)</u>	<u>(589,856)</u>	<u>187,550</u>	<u>52,036</u>	<u>(1,128,899)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	716,750	310,322	-	-	1,027,072
Proceeds on Sale of Capital Assets	3,099	-	-	-	3,099
Operating Transfers In	52,856	-	167,950	-	220,806
Operating Transfers Out	(264,950)	-	(465,100)	(52,856)	(782,906)
<b>Total Other Financing Sources (Uses)</b>	<u>507,755</u>	<u>310,322</u>	<u>(297,150)</u>	<u>(52,856)</u>	<u>468,071</u>
Net Change in Fund Balances	(270,874)	(279,534)	(109,600)	(820)	(660,828)
Fund Balance Beginning of Year	1,426,690	489,482	40,370	820	1,957,362
<b>Fund Balance End of Year</b>	<u>\$ 1,155,816</u>	<u>\$ 209,948</u>	<u>\$ (69,230)</u>	<u>\$ -</u>	<u>\$ 1,296,534</u>

See Notes to the 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, 2015**

**Net Change in Fund Balance - Total Governmental Funds** \$ (660,828)

**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.

Loss on Disposal of Capital Assets	\$ (2,431)	
Capital Asset Additions	2,405,449	
Current Year Depreciation	(1,012,092)	
Transfer of Capital Assets	<u>(91,393)</u>	
<b>Total</b>		<b>1,299,533</b>

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

Property Taxes		(1,380)
Special Assessments		(22,063)
Grants		(3,000)
Contracts and Pledges Receivable		911,556

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		(1,027,072)
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Change in deferred outflows and inflows of resources related to the net pension liability		262,138
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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, 2015:

Accrued Interest Payable	3,541	
Amortization of Bond Premium	5,500	
Principal Payment on Bonds Payable	1,010,000	
Principal Payment on Special Assessments	25,395	
Principal Payment on Notes Payable	602,676	
Change in Compensated Absences	(19,014)	
Change in Net Pension Liability	<u>(560,806)</u>	
<b>Total</b>		<b><u>1,067,292</u></b>

Change in Net Position		<b><u>\$ 1,826,176</u></b>
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See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**AS OF DECEMBER 31, 2015**

	Business-Type Activities-Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash	\$ 2,074,274	\$ 23,256	\$ -	\$ 2,097,530
Accounts Receivable	15,195	-	47,876	63,071
Allowance for Doubtful Accounts	-	-	(3,000)	(3,000)
Due From Other Funds	576,327	-	-	576,327
Special Assessments Receivable	26,397	-	-	26,397
Pledges Receivable	-	-	463,493	463,493
Interest Receivable	-	-	4,134	4,134
Inventory	61,727	4,143	-	65,870
<b>Total Current Assets</b>	<u>2,753,920</u>	<u>27,399</u>	<u>512,503</u>	<u>3,293,822</u>
<b>Non-Current Assets:</b>				
Restricted Cash & Investments with Fiscal Agent - Debt Service	-	-	1,737,834	1,737,834
<b>Total Restricted Assets</b>	<u>-</u>	<u>-</u>	<u>1,737,834</u>	<u>1,737,834</u>
<b>Capital Assets:</b>				
Land	541,139	21,640	2,609,235	3,172,014
Buildings, Systems & Structures	2,210,000	550,007	26,606,953	29,366,960
Golf Course	5,630,720	533,780	-	6,164,500
Equipment	1,221,590	8,000	283,915	1,513,505
Vehicles	116,875	12,000	-	128,875
Tractors, Trailers, & Mowers	415,735	231,214	-	646,949
Less Accumulated Depreciation	<u>(3,802,877)</u>	<u>(630,988)</u>	<u>(1,994,464)</u>	<u>(6,428,329)</u>
<b>Total Capital Assets (Net of     Accumulated Depreciation)</b>	<u>6,333,182</u>	<u>725,653</u>	<u>27,505,639</u>	<u>34,564,474</u>
Pledges Receivable, Net of Current Portion	<u>-</u>	<u>-</u>	<u>4,194,253</u>	<u>4,194,253</u>
<b>Total Non-Current Assets</b>	<u>6,333,182</u>	<u>725,653</u>	<u>33,437,726</u>	<u>40,496,561</u>
<b>Total Assets</b>	<u>9,087,102</u>	<u>753,052</u>	<u>33,950,229</u>	<u>43,790,383</u>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

	Business-Type Activities-Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 5,740	\$ 1,057	\$ 40,145	\$ 46,942
Sales Tax Payable	57	-	1,427	1,484
Due to Other Funds	-	-	576,327	576,327
Accrued Payroll	30,574	-	46,888	77,462
Compensated Absences	13,000	1,000	43,000	57,000
Unearned Revenue	-	-	54,271	54,271
Bonds Payable	598,234	-	792,736	1,390,970
Accrued Interest Payable	16,550	-	52,408	68,958
Total Current Liabilities	<u>664,155</u>	<u>2,057</u>	<u>1,607,202</u>	<u>2,273,414</u>
Non-Current Liabilities:				
Compensated Absences	26,872	2,592	57,330	86,794
Bonds Payable	4,381,087	-	20,066,584	24,447,671
Total Non-Current Liabilities	<u>4,407,959</u>	<u>2,592</u>	<u>20,123,914</u>	<u>24,534,465</u>
Total Liabilities	<u>5,072,114</u>	<u>4,649</u>	<u>21,731,116</u>	<u>26,807,879</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,353,861	725,653	6,646,319	8,725,833
Restricted	-	-	1,737,834	1,737,834
Unrestricted	2,661,127	22,750	3,834,960	6,518,837
Total Net Position	<u>\$ 4,014,988</u>	<u>\$ 748,403</u>	<u>\$ 12,219,113</u>	<u>\$ 16,982,504</u>

See Notes to the 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, 2015**

	Business-Type Activities - Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
<b>Operating Revenues:</b>				
Charges for Sales and Services:				
Sales	\$ 1,165,524	\$ 264,741	\$ 4,106,317	\$ 5,536,582
Total Operating Revenues	<u>1,165,524</u>	<u>264,741</u>	<u>4,106,317</u>	<u>5,536,582</u>
<b>Operating Expenses:</b>				
Costs of Sales and Services	535,936	175,369	2,039,317	2,750,622
Administration	429,780	94,937	1,285,022	1,809,739
Total Operating Expenses	<u>965,716</u>	<u>270,306</u>	<u>3,324,339</u>	<u>4,560,361</u>
Operating Income (Loss) before Depreciation	<u>199,808</u>	<u>(5,565)</u>	<u>781,978</u>	<u>976,221</u>
Depreciation and Amortization	<u>269,715</u>	<u>43,490</u>	<u>602,035</u>	<u>915,240</u>
Operating Income (Loss)	<u>(69,907)</u>	<u>(49,055)</u>	<u>179,943</u>	<u>60,981</u>
<b>Non-Operating Revenues (Expenses):</b>				
Donations/Sponsorships	28,973	-	380,883	409,856
Special Assessments	55,593	-	-	55,593
Interest Income	46,782	-	13,837	60,619
Gain on Disposal of Fixed Assets	-	1,500	-	1,500
Bond Interest Subsidy	-	-	260,525	260,525
Bond Interest Expense	<u>(103,934)</u>	<u>-</u>	<u>(1,005,971)</u>	<u>(1,109,905)</u>
Total Non-Operating Revenue (Expenses)	<u>27,414</u>	<u>1,500</u>	<u>(350,726)</u>	<u>(321,812)</u>
Income (Loss) Before Transfers	<u>(42,493)</u>	<u>(47,555)</u>	<u>(170,783)</u>	<u>(260,831)</u>
Transfers In	<u>352,000</u>	<u>30,000</u>	<u>180,100</u>	<u>562,100</u>
Total Transfers	<u>352,000</u>	<u>30,000</u>	<u>180,100</u>	<u>562,100</u>
Changes in Net Position	309,507	(17,555)	9,317	301,269
Total Net Position - Beginning	<u>3,705,481</u>	<u>765,958</u>	<u>12,209,796</u>	<u>16,681,235</u>
Total Net Position - Ending	<u>\$ 4,014,988</u>	<u>\$ 748,403</u>	<u>\$ 12,219,113</u>	<u>\$ 16,982,504</u>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities - Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,143,284	\$ 264,741	\$ 4,154,800	\$ 5,562,825
Payments to Suppliers	(544,289)	(173,322)	(1,996,460)	(2,714,071)
Payments to Employees	(419,732)	(94,549)	(1,278,727)	(1,793,008)
Net Cash Provided (Used) by Operating Activities	<u>179,263</u>	<u>(3,130)</u>	<u>879,613</u>	<u>1,055,746</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Due from other Funds	(98,211)	-	-	(98,211)
Due to other Funds	-	(1,406)	99,617	98,211
Transfers from other Funds	352,000	30,000	180,100	562,100
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>253,789</u>	<u>28,594</u>	<u>279,717</u>	<u>562,100</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Bonds Payable	(575,000)	-	(1,680,000)	(2,255,000)
Capital Donations	1,467,263	-	757,646	2,224,909
Purchases of Capital Assets	(50,300)	(3,708)	(224,416)	(278,424)
Gain on Sale of Capital Assets	-	1,500	-	1,500
Premium or Discount on Bonds Payable	-	-	254,340	254,340
Interest Subsidy on Capital Debt	-	-	260,525	260,525
Interest Paid on Capital Debt	(119,059)	-	(1,082,975)	(1,202,034)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>722,904</u>	<u>(2,208)</u>	<u>(1,714,880)</u>	<u>(994,184)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Dividends Received	46,782	-	13,514	60,296
Net Cash Provided (Used) by Capital Investing Activities	<u>46,782</u>	<u>-</u>	<u>13,514</u>	<u>60,296</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,202,738	23,256	(542,036)	683,958
Cash and Cash Equivalents, January 1	871,536	-	2,279,870	3,151,406
Cash and Cash Equivalents, December 31	<u>\$ 2,074,274</u>	<u>\$ 23,256</u>	<u>\$ 1,737,834</u>	<u>\$ 3,835,364</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (69,907)	\$ (49,055)	\$ 179,943	\$ 60,981
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	269,715	43,490	602,035	915,240
Effects on Operating Cash Flows Due to Changes in:				
Accounts Receivable	(22,240)	-	48,483	26,243
Inventories	(11,629)	1,960	-	(9,669)
Accounts Payable	3,276	87	28,996	32,359
Accrued Payroll	7,547	-	3,169	10,716
Compensated Absences	2,501	388	3,126	6,015
Unearned Revenue	-	-	13,861	13,861
Total Adjustments	<u>249,170</u>	<u>45,925</u>	<u>699,670</u>	<u>994,765</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 179,263</u>	<u>\$ (3,130)</u>	<u>\$ 879,613</u>	<u>\$ 1,055,746</u>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF DECEMBER 31, 2015**

	<u>Pension Trust Fund</u>
<b>ASSETS</b>	
Investments, at Fair Value:	
Investment Funds	<u>\$ 5,879,367</u>
 Total Assets	 <u><u>\$ 5,879,367</u></u>
 <b>NET POSITION</b>	
Held in Trust for Pension Benefits and Other Purposes	 <u><u>\$ 5,879,367</u></u>

See Notes to the 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, 2015**

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 210,000
Plan Members	<u>79,340</u>
Total Contributions	<u>289,340</u>
Investment Earnings:	
Interest Income	266,163
Net Change in the Fair Value of Investments	(204,514)
Administrative Expenses	<u>(19,627)</u>
Net Investment Earnings	<u>42,022</u>
Total Additions	<u>331,362</u>
<b>DEDUCTIONS</b>	
Benefits Paid	<u>450,874</u>
Total Deductions	<u>450,874</u>
Change in Net Position	(119,512)
Net Position - Beginning	<u>5,998,879</u>
Net Position - Ending	<u>\$ 5,879,367</u>

See Notes to the Financial Statements

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2015

**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 FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

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 measurements 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 FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

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. Management may approve transfers up to any amount within object level. 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.

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 and Investments**

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 FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

In accordance with GASB Statement No. 31, the District reports investments at fair value. All investment income, including changes in the fair value of investments is reported as revenue in the operating statements.

**F. 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.

**G. Inventory**

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

**H. 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 estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets 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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**I. Property Taxes**

Property tax levies are set by the Board of Commissioners in September 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.

**J. Compensated Absences**

All full-time employees of the District are covered by a compensated absences policy including vacation and sick leave. Unused vacation vests after six months of employment 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.

**K. 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.

**L. 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.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

**M. 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.

**N. 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 FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

**O. 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 Districts policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**P. 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 PERS 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 four 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*, *unavailable revenue - grants* 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 one item reported on the statement of net position as Deferred Inflows of Resources which represents actuarial differences within PERS and the single employer pension plans.

**Q. Sales Taxes**

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

**R. 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 Public Employees Retirement System (PERS) and the single employer pension plan and additions to/deductions from PERS/Single Employer plan fiduciary net position have been determined on the same basis as they are reported by PERS/Single Employer plan's except that PERS'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.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

**S. 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.

**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 and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

**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 December 31, 2015. 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.

**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 2 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.

The Foundation adopted Accounting Standards Codification Topic 820, *Fair Value Measurements*, in the year ended December 31, 2008. This standard applies to all assets and liabilities that are being measured and reported on a fair value basis. It defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expands disclosure about fair value measurements. The implementation of the standard did not change amounts reported in the financial statements, however, additional disclosures are required.

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.

**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 over the term of the 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.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**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 AND CASH EQUIVALENTS**

**A. Deposits**

In accordance with North Dakota laws, the District maintains deposits at depositories authorized by the Board. 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, 2015, the carrying amount of the District's bank deposits was \$3,536,537 and the bank balance was \$3,556,275, of which all was covered by Federal Depository Insurance or collateral held in safekeeping in the District's name. In addition, there is \$1,737,834 held with fiscal agent. The balance consists entirely of cash. The cash is held at the Bank of New York Mellon and is covered by FDIC coverage.

In addition, the carrying amount of Grand Forks Parks and Recreation Foundation's bank deposits were \$524,083 of which all was covered by Federal Depository Insurance. In addition, there are investments of \$276,463 held with fiscal agent. All investments are U.S. government securities or exchange traded funds (ETFs).

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**B. Investments**

As of December 31, 2015 the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less Than 1	1-5	6-10	11-15	16-20
<b>Park District of the City of Grand Forks</b>						
Pension Fund	\$ 5,879,367	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 5,879,367	\$ -	\$ -	\$ -	\$ -	\$ -

<b>Grand Forks Parks and Recreation Foundation - Component Unit</b>						
U.S. Government Securities	\$ 47,591	\$ 21,330	\$ 26,261	\$ -	\$ -	\$ -
Mutual Funds	102,827	-	-	-	-	-
Exchange Traded Funds	126,045	-	-	-	-	-
Total	\$ 276,463	\$ 21,330	\$ 26,261	\$ -	\$ -	\$ -

Investment Type	Value	Rating	Agency
<b>Park District of the City of Grand Forks</b>			
Pension Fund	\$ 5,879,367	N/A	N/A
Total	\$ 5,879,367		

<b>Grand Forks Parks and Recreation Foundation - Component Unit</b>			
U.S. Government Securities	\$ 47,591	N/A	N/A
Mutual Funds	102,827	N/A	N/A
Exchange Traded Funds	126,045	N/A	N/A
Total	\$ 276,463		

**Permitted Investments for Restricted Investments**

The 2015 and 2010B 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 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;

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

- 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-1+" by S&P or "P-1" 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-1" 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-1 " or "A3" or better by Moody's and "A-1" 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**

- 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.

**Concentration of Credit Risk**

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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 01/01/15	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/15
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 3,522,255	\$ 732,368	\$ -	\$ -	\$ 4,254,623
Land Improvements	11,831,111	629,293	-	-	12,460,404
Construction in Progress	-	43,425	-	-	43,425
Total Capital Assets Not Being Depreciated	<u>15,353,366</u>	<u>1,405,086</u>	<u>-</u>	<u>-</u>	<u>16,758,452</u>
Capital Assets Being Depreciated:					
Buildings, Systems and Structures	31,676,519	724,366	-	-	32,400,885
Equipment	2,667,088	158,310	-	16,567	2,841,964
Vehicles	1,107,676	54,059	(65,000)	(10,000)	1,086,735
Tractors, Trailers, & Mowers	596,452	63,629	(13,262)	12,000	658,819
Total Capital Assets Being Depreciated	<u>36,047,735</u>	<u>1,000,363</u>	<u>(78,262)</u>	<u>18,567</u>	<u>36,988,403</u>
Less Accumulated Depreciation:					
Buildings, Systems and Structures	(9,265,811)	(779,689)	-	(92,294)	(10,137,794)
Equipment	(1,321,064)	(132,508)	-	(17,423)	(1,470,995)
Vehicles	(917,990)	(49,573)	65,000	10,000	(892,563)
Tractors, Trailers, & Mowers	(274,331)	(50,321)	10,831	(10,244)	(324,065)
Total Accumulated Depreciation	<u>(11,779,196)</u>	<u>(1,012,091)</u>	<u>75,831</u>	<u>(109,960)</u>	<u>(12,825,417)</u>
Total Capital Assets Being Depreciated, Net	<u>24,268,539</u>	<u>(11,728)</u>	<u>(2,431)</u>	<u>(91,393)</u>	<u>24,162,986</u>
Governmental Capital Assets, Net	<u>\$ 39,621,905</u>	<u>\$ 1,393,358</u>	<u>\$ (2,431)</u>	<u>\$ (91,393)</u>	<u>\$ 40,921,438</u>
<b>Business-Type Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 3,249,695	\$ 6,713	\$ -	\$ (84,394)	\$ 3,172,014
Capital Assets Being Depreciated:					
Buildings, Systems and Structures	29,366,960	-	-	-	29,366,960
Golf Course	6,080,106	-	-	84,394	6,164,500
Equipment	1,468,640	230,149	-	(185,284)	1,513,505
Vehicles	138,875	-	-	(10,000)	128,875
Tractors, Trailers, & Mowers	540,063	41,563	-	65,323	646,949
Total Capital Assets Being Depreciated	<u>37,594,644</u>	<u>271,712</u>	<u>-</u>	<u>(45,567)</u>	<u>37,820,789</u>
Less Accumulated Depreciation:					
Buildings, Systems and Structures	(2,314,358)	(620,054)	-	89,444	(2,844,968)
Golf Course	(1,958,811)	(151,983)	-	2,850	(2,107,944)
Equipment	(900,988)	(90,664)	-	66,539	(925,113)
Vehicles	(137,736)	(333)	-	10,000	(128,069)
Tractors, Trailers, & Mowers	(331,156)	(52,207)	-	(38,872)	(422,235)
Total Accumulated Depreciation	<u>(5,643,049)</u>	<u>(915,241)</u>	<u>-</u>	<u>129,961</u>	<u>(6,428,329)</u>
Total Capital Assets Being Depreciated, Net	<u>31,951,595</u>	<u>(643,529)</u>	<u>-</u>	<u>84,394</u>	<u>31,392,460</u>
Business-Type Activities Capital Assets, Net	<u>\$ 35,201,290</u>	<u>\$ (636,816)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,564,474</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

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

Governmental Activities:	
Park Operations	\$ 958,051
Forestry	52,838
Recreation	<u>1,202</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,012,091</u>
Business-Type Activities:	
Kings Walk Golf Course	\$ 269,718
Lincoln Golf Course	43,490
Choice Health & Fitness	<u>602,033</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 915,241</u>

**NOTE 4 CONTRACT RECEIVABLE**

During 2006, a contract for deed was agreed upon to sell 114.3 acres of land held by the District. The sale resulted in a gain of \$946,404. The \$3,575,304 receivable will be paid at 6% with an annual payment each year until December 31, 2018. During 2009, the agreement was amended and reamortized with a principal amount of \$3,055,620. The remaining balance was paid off during 2015.

During 2015, the District entered into contracts with multiple sponsors for advertising totaling \$1,359,974. Contract revenue will be received in annual installments through December 31, 2019 as follows:

2016	\$	333,678
2017		317,928
2018		221,508
2019		<u>198,678</u>
		<u>\$ 1,071,792</u>

**NOTE 5 SPECIAL ASSESSMENTS RECEIVABLE**

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with North Dakota Century Code. The District usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue.

Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

Special assessments receivable includes the assessment installments that will be billed to property owners in future years. Unremitted and delinquent amounts are included in special assessment receivables.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 6 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, and the ICON Sports Center and are due according to the following schedule:

Receivable in less than one year	\$ 1,129,134
Receivable in one to five years	2,787,844
Receivable in more than five years	<u>4,320,801</u>
	<u>\$ 8,237,778</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 \$3,101,329 at December 31, 2015.

Management estimates an allowance for uncollectible pledges to be \$371,904 at December 31, 2015.

Choice Health & Fitness and the Capital Project fund have pledges receivable from the Foundation in the amount of \$4,657,746 and \$3,084,992 at December 31, 2015, respectively. The Foundation owes other organizations \$235,609 at December 31, 2015.

**NOTE 7 EXPENDITURES IN EXCESS OF BUDGET/DEFICIT FUND BALANCE**

Expenditures exceeded legally adopted budgets in the general fund by \$1,534,771.

Expenditures exceeded budget due to the following reasons –

General Fund – Actual expenses were greater than budgeted mainly due to: our new sponsorship and marketing agreement which added \$717,000 of new equipment to the District's system, ICON Sports Center startup expenses such as landscaping, irrigation, stadium seats, office furniture, and a sound barrier fence, in addition higher than budgeted first year operating expenses for the ICON Sports Center.

The capital project fund had a deficit balance of \$69,230 as of December 31, 2015.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 8 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 also issues revenue bonds where it pledges income derived from the acquired or constructed assets to pay debt service.

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/15</u>
<b><u>Governmental Activities:</u></b>					
General Obligation Special Assessment Prepayment Bonds, Series 2009	3/10/2009	\$ 4,840,000	2.00%-4.65%	4/1/2024	\$ 2,100,000
General Obligation Special Assessment Prepayment Refunding Bonds, Series 2009B	4/1/2009	1,990,000	2.50%-4.15%	4/1/2021	1,105,000
General Obligation Refunding Improvement Bonds, Series 2011	12/1/2011	4,500,000	2.00%-3.75%	5/1/2037	4,020,000
General Obligation Refunding Improvement Bonds, Series 2013A	12/12/2013	1,985,000	2.00%-4.00%	5/1/2033	1,900,000
General Obligation Special Assessment Prepayment Bonds, Series 2014A	1/7/2014	3,065,000	2.00%-3.25%	5/1/2028	2,875,000
Contracts Payable	1/1/2015	<u>716,750</u>	4.50%	12/31/2024	<u>658,629</u>
Total Governmental Activities Bonds Payable		<u>\$ 17,096,750</u>			<u>\$ 12,658,629</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	\$ 270,000
General Obligation Taxable Refunding Improvement Bonds, Series 2009D	9/3/2009	510,000	2.25%-5.40%	12/1/2021	285,000
Wellness Center Revenue Refunding Bonds, Series 2015	4/30/2015	20,975,000	3.16%	12/1/2036	20,310,000
Taxable Wellness Center Revenue Bonds, Series 2010B	12/29/2010	1,350,000	2.00%-3.50%	12/1/2016	355,000
General Obligation Refunding Improvement Bonds, Series 2014B	2/26/2014	<u>4,820,000</u>	2.00%-2.15%	5/1/2023	<u>4,325,000</u>
Total Business-Type Activities Bonds Payable		<u>\$ 28,140,000</u>			<u>\$ 25,545,000</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/15</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	\$ 220,000
Lease Revenue Bonds, Series 2013B	12/12/2013	<u>6,845,000</u>	3.00%-4.25%	10/1/2033	<u>5,860,000</u>
Total Component Unit Activities Bonds Payable		<u>\$ 8,700,000</u>			<u>\$ 6,080,000</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 12/31/15</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	\$ 220,000

**Pledged Revenues**

The District's revenues are pledged for Taxable Wellness Center Revenue Bonds, Series 2010B and Series 2015. The Series 2010A was refunded by the Wellness Center Revenue Refunding 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>					
	G.O. Special Assessment		G.O. Special Assessment		G.O. Refunding Improvement	
	<u>Prepayment Bonds, Series 2009</u>		<u>Prepayment Refunding Bonds, Series 2009B</u>		<u>Bonds, Series 2011</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 390,000	\$ 74,443	\$ 170,000	\$ 38,155	\$ 170,000	\$ 112,450
2017	280,000	63,610	170,000	32,545	170,000	109,050
2018	265,000	54,283	180,000	26,500	170,000	105,650
2019	260,000	44,771	185,000	19,930	180,000	102,150
2020	255,000	34,604	195,000	12,554	180,000	98,460
2021-2025	650,000	54,566	205,000	4,254	975,000	424,887
2026-2030	-	-	-	-	890,000	291,776
2031-2035	-	-	-	-	885,000	155,316
2036-2040	-	-	-	-	400,000	15,188
	<u>\$ 2,100,000</u>	<u>\$ 326,277</u>	<u>\$ 1,105,000</u>	<u>\$ 133,938</u>	<u>\$ 4,020,000</u>	<u>\$ 1,414,927</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

Year Ending December 31,	<b>Governmental Activities</b>					
	G.O. Refunding Improvement		G.O. Special Assessment		ICON Holdings, LLC	
	Bonds, Series 2013A		Prepayment Bonds, Series 2014A		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 85,000	\$ 54,666	\$ 190,000	\$ 70,543	\$ 60,781	\$ 28,622
2017	85,000	52,966	195,000	66,693	63,563	25,841
2018	90,000	51,216	200,000	62,743	66,471	22,932
2019	90,000	49,416	205,000	58,693	69,514	19,890
2020	90,000	47,616	210,000	54,543	72,695	16,708
2021-2025	495,000	205,139	1,125,000	195,999	325,605	32,006
2026-2030	575,000	127,705	750,000	36,913	-	-
2031-2035	390,000	23,800	-	-	-	-
2036-2040	-	-	-	-	-	-
	<u>\$ 1,900,000</u>	<u>\$ 612,524</u>	<u>\$ 2,875,000</u>	<u>\$ 546,124</u>	<u>\$ 658,629</u>	<u>\$ 145,999</u>

Year Ending December 31,	<b>Governmental Activities</b>	
	Total	
	Principal	Interest
2016	\$ 1,065,781	\$ 378,879
2017	963,563	350,705
2018	971,471	323,324
2019	989,514	294,850
2020	1,002,695	264,485
2021-2025	3,775,605	916,851
2026-2030	2,215,000	456,394
2031-2035	1,275,000	179,116
2036-2040	400,000	15,188
	<u>\$ 12,658,629</u>	<u>\$ 3,179,789</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

Year Ending December 31,	<b>Business-Type Activities</b>					
	Refunding Improvement Bonds, Series 2009C		Refunding Improvement Bonds, Series 2009D		Wellness Center Revenue Refunding Bonds, Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 40,000	\$ 9,530	\$ 40,000	\$ 14,332	\$ 430,000	\$ 616,475
2017	40,000	8,330	45,000	12,532	770,000	607,875
2018	45,000	7,050	45,000	10,396	780,000	592,475
2019	45,000	5,520	50,000	8,146	795,000	576,875
2020	50,000	3,900	50,000	5,596	820,000	553,025
2021-2025	50,000	2,000	55,000	2,970	4,450,000	2,382,625
2026-2030	-	-	-	-	5,110,000	1,675,975
2031-2035	-	-	-	-	5,870,000	826,794
2036-2040	-	-	-	-	1,285,000	44,975
	<u>\$ 270,000</u>	<u>\$ 36,330</u>	<u>\$ 285,000</u>	<u>\$ 53,972</u>	<u>\$ 20,310,000</u>	<u>\$ 7,877,094</u>

Year Ending December 31,	<b>Business-Type Activities</b>					
	Taxable Wellness Center Revenue Bonds, Series 2010B		Refunding Improvement Bonds, Series 2014B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 355,000	\$ 12,425	\$ 505,000	\$ 82,320	\$ 1,370,000	\$ 735,082
2017	-	-	515,000	72,120	1,370,000	700,857
2018	-	-	525,000	61,720	1,395,000	671,641
2019	-	-	535,000	51,120	1,425,000	641,661
2020	-	-	545,000	40,320	1,465,000	602,841
2021-2025	-	-	1,700,000	53,675	6,255,000	2,441,270
2026-2030	-	-	-	-	5,110,000	1,675,975
2031-2035	-	-	-	-	5,870,000	826,794
2036-2040	-	-	-	-	1,285,000	44,975
	<u>\$ 355,000</u>	<u>\$ 12,425</u>	<u>\$ 4,325,000</u>	<u>\$ 361,275</u>	<u>\$ 25,545,000</u>	<u>\$ 8,341,096</u>

Year Ending December 31,	<b>Component Unit Activities</b>					
	Lease Revenue Bonds, Series 2009		Lease Revenue Bonds, Series 2013B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 40,000	\$ 7,700	\$ 510,000	\$ 198,126	\$ 550,000	\$ 205,826
2017	45,000	6,300	530,000	182,826	575,000	189,126
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
2021-2025	-	-	1,625,000	533,480	1,625,000	533,480
2026-2030	-	-	1,155,000	314,434	1,155,000	314,434
2031-2035	-	-	810,000	69,572	810,000	69,572
	<u>\$ 220,000</u>	<u>\$ 23,450</u>	<u>\$ 5,860,000</u>	<u>\$ 1,760,666</u>	<u>\$ 6,080,000</u>	<u>\$ 1,784,116</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**Special Assessment Debt**

The District has special assessment debt obligations of \$632,133 on various parcels of land as of December 31, 2015. Annual debt service requirements to maturity for special assessment debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 36,607	\$ 24,840	\$ 61,448
2017	36,607	26,130	62,737
2018	36,607	24,530	61,137
2019	36,607	22,930	59,537
2020	36,607	21,330	57,937
2021-2025	155,345	85,010	240,356
2026-2030	155,345	50,910	206,255
2031-2035	<u>138,405</u>	<u>16,809</u>	<u>155,214</u>
 Total	 <u>\$ 632,133</u>	 <u>\$ 272,489</u>	 <u>\$ 904,622</u>

**Capital Lease**

The District leases equipment from GE Capital under a capital lease. The lease accrues interest at 5.66% and requires payments through November 15, 2017.

The assets acquired through capital leases are as follows:

Assets:	
Machinery & Equipment	\$ 47,654
Less: Accumulated Depreciation	<u>(10,060)</u>
Total	<u>\$ 37,594</u>

Annual debt service requirements to maturity for the lease are as follows:

	<u>Governmental Activities</u>	
Year Ending	<u>Capital Lease Payable</u>	
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 10,111	\$ 867
2017	<u>9,783</u>	<u>279</u>
	<u>\$ 19,894</u>	<u>\$ 1,146</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Balance 1/1/15	Issued	Retired	Balance 12/31/15	Due Within One Year
<i>Governmental Activities:</i>					
Bonds Payable:					
General Obligation Bonds	\$ 13,010,000	\$ -	\$ (1,010,000)	\$ 12,000,000	\$ 1,005,000
Unamortized Bond Premium	85,138	-	(5,497)	79,641	4,588
Notes Payable - Capital Lease	29,450	-	(9,556)	19,894	10,111
Contract Payable	6,615,000	-	(535,000)	6,080,000	550,000
Contract Payable	-	716,750	(58,121)	658,629	60,781
Special Assessments Debt	347,206	310,322	(25,395)	632,133	36,607
Net Pension Liability:					
Employer Closed Plan	1,670,832	684,958	(356,599)	1,999,191	-
PERS	876,163	709,303	(476,856)	1,108,610	-
Compensated Absences	255,543	178,048	(159,034)	274,557	159,000
 Governmental Activity Long-Term Liabilities	 <u>\$ 22,889,332</u>	 <u>\$ 2,599,381</u>	 <u>\$ (2,636,058)</u>	 <u>\$ 22,852,655</u>	 <u>\$ 1,826,087</u>
 <i>Business Type Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 27,800,000	\$ 20,975,000	\$(23,230,000)	\$ 25,545,000	\$ 1,370,000
Unamortized Bond Premium	117,936	200,489	(20,181)	298,244	21,748
Unamortized Bond Discount	(65,401)	-	60,798	(4,603)	(778)
Compensated Absences	137,778	62,533	(56,517)	143,794	57,000
 Business-Type Activities Long-Term Liabilities	 <u>\$ 27,990,313</u>	 <u>\$ 21,238,022</u>	 <u>\$(23,245,900)</u>	 <u>\$ 25,982,435</u>	 <u>\$ 1,447,970</u>
 <i>Component Unit Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 6,615,000	\$ -	\$ (535,000)	\$ 6,080,000	\$ 550,000

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 0.35% of the total assessed value of taxable property.

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

In 2015, the District issued \$20,975,000 of Wellness Center Revenue Refunding Bonds, Series 2015 to refund the Taxable Wellness Center Revenue Bonds – Series 2010A. This current refunding was conducted to achieve interest cost savings. As a result of the refunding the District is expected to realize a future value benefit of \$4,400,000.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 9 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, 2015, is as follows:

Year Ending December 31,	Contract Receivable	
	Principal	Interest
2016	\$ 550,000	\$ 205,826
2017	575,000	189,126
2018	495,000	171,651
2019	430,000	156,576
2020	440,000	143,451
2021-2025	1,625,000	533,480
2026-2030	1,155,000	314,434
2031-2035	810,000	69,572
	<u>\$ 6,080,000</u>	<u>\$ 1,784,116</u>

**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 a year-end minimum fund balance of 15% of the District's General Fund operating budget, excluding those accounts associated within the Restricted category, in the combined total of the General Fund Committed, Assigned, and Unassigned fund balances.

**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.

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:

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

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, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total Donor-Restricted Endowment Funds as of December 31, 2015	\$ -	\$ -	\$ 185,302	<u>\$ 185,302</u>

**Changes in Endowment Net Assets for the Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, As of January 1, 2015	\$ -	\$ -	\$ 173,956	<u>\$ 173,956</u>
Contributions	-	-	12,063	12,063
Investment Return:				
Unrealized/realized gain (loss) on investments	-	-	(1,844)	(1,844)
Distributions	-	-	(4,720)	(4,720)
Reclassifications	-	-	5,847	<u>5,847</u>
Endowment Net Assets, As of December 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,302</u>	<u>\$ 185,302</u>

**Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) as of December 31, 2015**

Permanently Restricted Net Assets:

The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	<u>\$ 185,302</u>
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Total endowment funds classified as permanently restricted net assets	<u>\$ 185,302</u>
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**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires for the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as reductions in unrestricted net assets. There were no such deficiencies as of December 31, 2015.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**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 RECEIVABLES AND PAYABLES**

Interfund receivables and payables are set up to cover deficit cash balances. As of December 31, 2015, Kings Walk Golf Course has a receivable in the amount of \$576,327 from Choice Health & Fitness, and the General Fund has a receivable in the amount of \$64,604 from the Capital Projects Fund, respectively, due to deficit cash balances.

**NOTE 13 INTERFUND TRANSFERS**

Interfund transfers were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 52,856	\$ 264,950
Social Security Fund	-	52,856
Capital Projects Fund	167,950	465,100
Lincoln Golf Course	30,000	-
King's Walk Golf Course	352,000	-
Choice Health & Fitness	180,100	-
Total	<u>\$ 782,906</u>	<u>\$ 782,906</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 FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 14 UNEARNED REVENUE**

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

	<u>Government-Wide Activities</u>	<u>Business-Type Activities</u>
Prepaid Lease Agreement	\$ -	\$ 54,271
Prepaid Ice Time	173,165	-
Total	<u>\$ 173,165</u>	<u>\$ 54,271</u>

**NOTE 15 UNAVAILABLE REVENUE**

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

	<u>Governmental Activities</u>
Taxes Receivable	\$ 71,037
Special Assessments Receivable	16,341
Sponsorship Revenue	1,061,764
Contracts Receivable	51,888
Grants Receivable	7,000
Pledges Receivable	3,084,992
Total	<u>\$ 4,293,022</u>

The unavailable revenue from contracts receivable consists of \$40,000 due from the University of North Dakota, \$2,500 due from the Grand Forks Lions Clubs, \$5,038 due from the Masonic Malta Lodge 131 and \$4,350 due from the First State Bank. Sponsorship revenue consists of sponsorships paid and contracts signed for the years following December 31, 2015. 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 16 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 FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or beneficiaries currently receiving benefits	17
Inactive Employees entitled to but not yet receiving benefits	8
Active Employees	<u>29</u>
	<u>54</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 FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

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

At December 31, 2015, the District reported a liability of \$1,999,191 for the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 and rolled forward to December 31, 2015.

For the year ended December 31, 2015, the District recognized pension expense of \$136,132. At December 31, 2015, 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	\$ 106,420	\$ 17,938
Changes in actuarial assumptions	103,744	-
Difference between projected and actual investment earnings	-	-
Changes in proportion	-	-
Total	\$ 210,164	\$ 17,938

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
2016	\$ 26,628
2017	(5,765)
2018	90,257
2019	81,106

**Actuarial Assumptions**

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

Inflation	2.0%
Salary increases	2.0%
Investment rate of return	8.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with ages set back three years.

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 FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	31.00%	6.90%
International Stocks	21.00%	7.55%
Private Equity	5.00%	11.30%
Domestic Fixed Income	17.00%	1.55%
International Fixed Income	5.00%	0.90%
Global Real Assets	20.00%	5.38%
Cash Equivalents	1.00%	0.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 8 percent as of December 31, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the January 1, 2015 Actuarial Valuation Report.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Position Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
<b>Balances at 1/1/2014</b>	\$ 7,670,863	\$ 6,000,031	\$ 1,670,832
<b>Changes for the Year:</b>			
Service Cost	65,304	-	65,304
Interest	600,859	-	600,859
Contributions - Employer	-	210,000	(210,000)
Contributions - Employee	-	79,340	(79,340)
Net Investment Income	-	67,259	(67,259)
Benefit payments, including refunds of employee contributions	(450,874)	(450,874)	-
Administrative Expenses	-	(18,795)	18,795
<b>Net Changes</b>	215,289	(113,070)	328,359
<b>Balances at 1/1/2015</b>	\$ 7,886,152	\$ 5,886,961	\$ 1,999,191

**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 8 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
District's proportionate share of the Single Employer net pension liability:	\$ 2,817,220	\$ 1,999,191	\$ 1,293,401

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATEWIDE**

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

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

PERS 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. PERS 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 PERS 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 PERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

**Pension Benefits**

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

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

**Death and Disability Benefits**

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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

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 PERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

Member and employer contributions paid to PERS 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, 2015, the District reported a liability of \$1,108,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015, the District's proportion was 0.163035%.

For the year ended December 31, 2015, the District recognized pension expense of \$136,421. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 23,403
Changes in actuarial assumptions	-	98,772
Difference between projected and actual investment earnings	32,162	
Changes in proportion	153,631	536
Contributions paid to PERS subsequent to the measurement date	75,988	-
Total	\$ 261,781	\$ 122,711

\$75,988 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 June 30, 2016.

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

Year ending December 31:	Pension Expense Amount
2016	\$ 5,544
2017	5,544
2018	5,544
2019	46,450
2020	-
Thereafter	-

**Actuarial Assumptions**

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

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table 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 actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for PERS.

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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	31.00%	6.90%
International Stocks	21.00%	7.55%
Private Equity	5.00%	11.30%
Domestic Fixed Income	17.00%	1.52%
International Fixed Income	5.00%	0.45%
Global Real Assets	20.00%	5.38%
Cash Equivalents	1.00%	0.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
District's proportionate share of the PERS net pension liability:	\$ 1,699,998	\$ 1,108,610	\$ 624,748

**Pension Plan Fiduciary Net Position**

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

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

**NOTE 18 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 19 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 20 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 21 NEW PRONOUNCEMENTS**

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining fair value measurement for reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statement periods beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2015

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

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

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for reporting periods beginning after June 15, 2015. Earlier application is permitted.

GASB Statement No. 77, *Tax Abatement Disclosures*, Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement is effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78, *Pensions provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2015**

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

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

**NOTE 22 RECLASSIFICATION**

Certain reclassifications have been made to the 2014 financial statements in order to conform with the 2015 presentation.

**NOTE 23 CHANGE IN ACCOUNTING PRINCIPLES & RESTATEMENT OF NET POSITION**

The District implemented GASB statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension liability and deferred outflows of resources as of January 1, 2015 as follows:

Net Position January 1, 2015, as previously reported	\$ 24,619,265
Restatement for pension accounting:	
Net Pension Liability - Closed Plan	(1,670,832)
Pension Asset reported in prior years	(73,186)
Net Pension Liability - PERS	(876,163)
Pension related Deferred Outflows of Resources - PERS	69,159
Net Position January 1, 2015, as restated	<u>\$ 22,068,243</u>

**NOTE 24 SUBSEQUENT EVENTS**

On April 5, 2016, the District awarded parking lot improvements in the amount of \$2,000,000. On May 26, 2016 the District issued Refunding Improvement Bond, Series 2016 for \$2,025,000 carrying an interest rate of 1.8% for the construction of the parking lot improvements.

\* \* \* \* \*

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO PERS/SINGLE EMPLOYER PLANS**  
**AS OF DECEMBER 31, 2015**

Year Ended	Pension Plan	Statutorily Required Contributions	Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	Single Employer	\$ -	\$ 210,000	\$ (210,000)	\$ 1,427,529	14.71%
2015	PERS	132,843	132,843	-	1,865,772	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, 2015**

Year Ended	Pension Plan	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	PERS	0.163035%	\$ 1,108,610	\$ 1,452,445	76.33%	77.15%

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 PERS.

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, 2015**

	2015
<b>Total Pension Liability</b>	
Service Cost	\$ 65,304
Interest	600,859
Contributions - Employer	-
Contributions - Employee	-
Net Investment Income	-
Benefit payments, including refunds of employee contributions	(450,874)
Administrative Expenses	-
	215,289
<b>Net Changes</b>	215,289
<b>Total pension Liability - Beginning</b>	<u>7,670,863</u>
<b>Total pension Liability - Ending (a)</b>	<u>\$ 7,886,152</u>
<b>Total Fiduciary Net Position</b>	
Service Cost	\$ -
Interest	-
Contributions - Employer	210,000
Contributions - Employee	79,340
Net Investment Income	67,259
Benefit payments, including refunds of employee contributions	(450,874)
Administrative Expenses	(18,795)
	(113,070)
<b>Net Changes in Plan Fiduciary Net Position</b>	(113,070)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>6,000,031</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 5,886,961</u>
<b>District's Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 1,999,191</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	74.65%
<b>Covered Employee Payroll</b>	\$ 1,452,445
<b>District's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	72.65%

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, 2015**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Local Property Taxes	\$ 4,039,900	\$ 4,116,855	\$ 76,955
State Revenues	1,200,000	1,131,592	(68,408)
Program Income	1,077,850	1,171,019	93,169
Investment Earnings	5,000	7,506	2,506
Donations	5,900	308,268	302,368
Miscellaneous	<u>15,500</u>	<u>47,402</u>	<u>31,902</u>
 Total Revenues	 <u>6,344,150</u>	 <u>6,782,642</u>	 <u>438,492</u>
<b>EXPENDITURES</b>			
Current:			
Park Operations	4,113,700	4,439,043	(325,343)
Forestry	736,000	752,698	(16,698)
Recreation	771,000	823,399	(52,399)
Capital Outlay:			
Capital and Betterment	405,800	1,445,749	(1,039,949)
Debt Service:			
Principal Retirement	-	67,677	(67,677)
Interest Charges	<u>-</u>	<u>32,705</u>	<u>(32,705)</u>
 Total Expenditures	 <u>6,026,500</u>	 <u>7,561,271</u>	 <u>(1,534,771)</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>317,650</u>	 <u>(778,629)</u>	 <u>(1,096,279)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Debt - Refunding	-	716,750	716,750
Proceeds on Sale of Capital Assets	-	3,099	3,099
Transfers In	-	52,856	52,856
Transfers Out	<u>(80,000)</u>	<u>(264,950)</u>	<u>(184,950)</u>
 Total Other Financing Sources (Uses)	 <u>(80,000)</u>	 <u>507,755</u>	 <u>587,755</u>
 Net Change in Fund Balances	 237,650	 (270,874)	 (508,524)
 Fund Balances - Beginning of Year	 <u>1,426,690</u>	 <u>1,426,690</u>	 <u>-</u>
 Fund Balances - End of Year	 <u>\$ 1,664,340</u>	 <u>\$ 1,155,816</u>	 <u>\$ (508,524)</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, 2015**

**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. Management may approve transfers up to any amount within object level. 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.

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 – PERS**

Amounts reported in 2015 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**COMBINING SCHEDULE OF BALANCE SHEET – GENERAL FUND**  
**AS OF DECEMBER 31, 2015**

	General Fund	Recreation Fund	Forestry Fund	Total General Funds
<b>Assets</b>				
Cash	\$ 551,130	\$ 132,817	\$ 549,042	\$ 1,232,989
Accounts Receivable	441,024	2	-	441,026
Taxes Receivable	56,760	1,691	2,169	60,620
Special Assessments Receivable	-	-	16,341	16,341
Contract Receivable	1,031,792	-	-	1,031,792
Due From Other Funds	64,604	-	-	64,604
<b>Total Assets</b>	<u>2,145,310</u>	<u>134,510</u>	<u>567,552</u>	<u>2,847,372</u>
<b>Liabilities</b>				
Accounts Payable	265,452	-	-	265,452
Unearned Revenue	173,165	-	-	173,165
Sales Tax Payable	2,165	78	-	2,243
Accrued Payroll	87,267	9,873	15,717	112,857
<b>Total Liabilities</b>	<u>528,049</u>	<u>9,951</u>	<u>15,717</u>	<u>553,717</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Property Taxes	47,775	-	71	47,846
Unavailable Revenue - Special Assessments	-	-	16,341	16,341
Unavailable Revenue - Contracts and Pledges	1,073,652	-	-	1,073,652
<b>Total Deferred Inflows of Resources</b>	<u>1,121,427</u>	<u>-</u>	<u>16,412</u>	<u>1,137,839</u>
<b>Fund Balances</b>				
Unassigned	495,834	124,559	535,423	1,155,816
<b>Total Fund Balances</b>	<u>495,834</u>	<u>124,559</u>	<u>535,423</u>	<u>1,155,816</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,145,310</u>	<u>\$ 134,510</u>	<u>\$ 567,552</u>	<u>\$ 2,847,372</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, 2015**

	General Fund	Recreation Fund	Forestry Fund	Total General Funds
<b>Revenues</b>				
Local Property Taxes	\$ 2,688,962	\$ 640,371	\$ 787,522	\$ 4,116,855
State Revenues	1,131,592	-	-	1,131,592
Program Income	927,927	241,252	1,840	1,171,019
Investment Earnings	7,506	-	-	7,506
Donations	297,408	10,860	-	308,268
Miscellaneous	29,935	5,817	11,650	47,402
Total Revenues	<u>5,083,330</u>	<u>898,300</u>	<u>801,012</u>	<u>6,782,642</u>
<b>Expenditures</b>				
Current:				
Park Operations	4,439,028	15	-	4,439,043
Forestry	-	-	752,698	752,698
Recreation	-	823,399	-	823,399
Capital Outlay:				
Capital and Betterment	1,395,853	-	49,896	1,445,749
Debt Service:				
Principal Retirement	67,677	-	-	67,677
Interest Charges	32,705	-	-	32,705
Total Expenditures	<u>5,935,263</u>	<u>823,414</u>	<u>802,594</u>	<u>7,561,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(851,933)</u>	<u>74,886</u>	<u>(1,582)</u>	<u>(778,629)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	716,750	-	-	716,750
Proceeds on Sale of Capital Assets	3,099	-	-	3,099
Operating Transfers In	52,856	-	-	52,856
Operating Transfers Out	(184,950)	(80,000)	-	(264,950)
Total Other Financing Sources (Uses)	<u>587,755</u>	<u>(80,000)</u>	<u>-</u>	<u>507,755</u>
Net Change in Fund Balances	(264,178)	(5,114)	(1,582)	(270,874)
Fund Balance Beginning of Year	<u>760,012</u>	<u>129,673</u>	<u>537,005</u>	<u>1,426,690</u>
Fund Balance End of Year	<u>\$ 495,834</u>	<u>\$ 124,559</u>	<u>\$ 535,423</u>	<u>\$ 1,155,816</u>

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF FINANCIAL POSITION**  
**FOUNDATION COMPONENT UNIT**  
**AS OF DECEMBER 31, 2015**

**Assets**

Current Assets:

Cash & Cash Equivalents	\$ 524,083
Investments	276,463
Accounts Receivable	49,852
Pledges Receivable, Net of Allowances	1,129,134
Contract Receivable	<u>550,000</u>
Total Current Assets	<u>2,529,532</u>

Non - Current Assets:

Bond Issue Costs	41,935
Pledges Receivable, Net of Current Portion and Allowance	7,108,644
Contract Receivable, Net of Current Portion	<u>5,530,000</u>
Total Non - Current Assets	<u>12,680,579</u>

Total Assets \$ 15,210,111

**Liabilities**

Current Liabilities:

Accounts Payable	\$ 510
Interest Payable	49,852
Pledges Payable, Net of Allowances	1,078,655
Bonds Payable	<u>550,000</u>
Total Current Liabilities	<u>1,679,017</u>

Non - Current Liabilities:

Pledges Payable, Net of Current Portion and Allowance	7,281,302
Bonds Payable, Net of Current Portion	<u>5,530,000</u>
Total Non - Current Liabilities	<u>12,811,302</u>

Total Liabilities 14,490,319

**Net Assets**

Unrestricted	388,380
Temporarily Restricted	146,110
Permanently Restricted	<u>185,302</u>
Total Net Assets	<u>719,792</u>

Total Liabilities and Net Assets \$ 15,210,111

**PARK DISTRICT OF THE CITY OF GRAND FORKS**  
**STATEMENT OF ACTIVITIES**  
**FOUNDATION COMPONENT UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Gifts and Bequests	\$ 12,063	\$ 704,033	\$ 30,028	\$ 746,124
Rent Income	-	-	271,929	271,929
Interest, Dividends, Gains and (Losses)	(1,844)	961	2,774	1,891
Net Assets Released from Restriction	(4,720)	(674,928)	679,648	-
Reclassification of Net Assets per Donor Request	<u>5,847</u>	<u>(5,847)</u>	<u>-</u>	<u>-</u>
	<u>11,346</u>	<u>24,219</u>	<u>984,379</u>	<u>1,019,944</u>
<b>EXPENSES</b>				
Marketing	-	-	1,500	1,500
Contributions	-	-	706,597	706,597
Interest Expense	-	-	277,484	277,484
Office Expense	<u>-</u>	<u>-</u>	<u>493</u>	<u>493</u>
	<u>-</u>	<u>-</u>	<u>986,074</u>	<u>986,074</u>
<b>CHANGES IN NET ASSETS</b>	11,346	24,219	(1,695)	33,870
<b>BEGINNING NET ASSETS</b>	<u>173,956</u>	<u>121,891</u>	<u>390,075</u>	<u>685,922</u>
<b>ENDING NET ASSETS</b>	<u>\$ 185,302</u>	<u>\$ 146,110</u>	<u>\$ 388,380</u>	<u>\$ 719,792</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, discretely presented component unit and the aggregate remaining fund information of the Park District of the City of Grand Forks, as of and for the year ended December 31, 2015, 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 May 31, 2016.

**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 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 over financial reporting. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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**

May 31, 2016