

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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PARK DISTRICT OF THE CITY OF GRAND FORKS
ROSTER OF DISTRICT OFFICIALS
AS OF DECEMBER 31, 2014

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

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – pension trust fund, 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 and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements 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 information is 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 March 30, 2015 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

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

March 30, 2015

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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, 2014 with comparisons for the year ended December 31, 2013. 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 \$41,300,500 (net position). Of this amount, \$8,381,673 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The change in net position was an increase of \$1,277,502.
- Total liabilities were \$49,888,019 at December 31, 2014. This is a decrease of \$1,717,942 from the balance at December 31, 2013.

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, 2014 AND 2013

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 2014 and 2013:

Table 1
Statement of Net Position
 December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and Other Assets	\$ 6,623,987	\$ 9,741,336	\$ 16,365,323
Capital Assets, Net	<u>39,621,906</u>	<u>35,201,290</u>	<u>74,823,196</u>
<i>Total Assets</i>	<u>46,245,893</u>	<u>44,942,626</u>	<u>91,188,519</u>
Liabilities			
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	<u>18,624,819</u>	<u>26,592,818</u>	<u>45,217,637</u>
<i>Total Liabilities</i>	<u>21,626,628</u>	<u>28,261,391</u>	<u>49,888,019</u>
Net Position			
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	<u>1,329,063</u>	<u>7,052,610</u>	<u>8,381,673</u>
<i>Total Net Position</i>	<u>\$ 24,619,265</u>	<u>\$ 16,681,235</u>	<u>\$ 41,300,500</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Table 1 Continued
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and Other Assets	\$ 14,898,825	\$ 10,511,385	\$ 25,410,210
Capital Assets, Net	29,900,438	36,318,311	66,218,749
<i>Total Assets</i>	<u>44,799,263</u>	<u>46,829,696</u>	<u>91,628,959</u>
Liabilities			
Current Liabilities	1,094,926	461,719	1,556,645
Long-Term Liabilities:			
Due within One Year	4,810,208	795,000	5,605,208
Due in more than One Year	16,646,932	27,797,176	44,444,108
<i>Total Liabilities</i>	<u>22,552,066</u>	<u>29,053,895</u>	<u>51,605,961</u>
Net Position			
Net Investment in Capital Assets	8,443,298	7,726,135	16,169,433
Restricted	12,215,461	2,282,982	14,498,443
Unrestricted	1,588,438	7,766,684	9,355,122
<i>Total Net Position</i>	<u>\$ 22,247,197</u>	<u>\$ 17,775,801</u>	<u>\$ 40,022,998</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
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
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>
Expenses			
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
Transfers	<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
Net Position Beginning of Year	<u>22,247,197</u>	<u>17,775,801</u>	<u>40,022,998</u>
Net Position End of Year	<u>\$ 24,619,265</u>	<u>\$ 16,681,235</u>	<u>\$ 41,300,500</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Table 2 Continued
Changes in Net Position
As of December 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues			
Charges for Services	\$ 1,040,961	\$ 4,815,219	\$ 6,489,726
Operating Grants and Contributions	26,053	275,530	301,583
Capital Grants and Contributions	6,809,489	1,037,200	7,213,144
General Revenues			
Property Taxes	5,469,378	-	5,469,378
State Revenues	1,139,215	-	1,139,215
Other	281,346	47,922	329,268
<i>Total Revenues</i>	<u>14,766,442</u>	<u>6,175,871</u>	<u>20,942,314</u>
Expenses			
Program Expenses			
Park Operations	4,957,503	-	4,957,503
Forestry	825,763	-	825,763
Recreation	1,119,734	-	1,119,734
Interest on Long-Term Debt	531,679	-	531,679
King's Walk Golf Course	-	1,427,361	1,427,361
Lincoln Golf Course	-	314,495	314,495
Choice Health & Fitness	-	5,158,365	5,158,365
<i>Total Expenses</i>	<u>7,434,679</u>	<u>6,900,221</u>	<u>14,334,900</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	7,331,763	(724,349)	6,607,414
Transfers	<u>(527,438)</u>	<u>527,438</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	6,804,325	(196,911)	6,607,414
Net Position Beginning of Year	15,618,073	18,338,916	33,956,989
Prior Period Restatement	<u>(175,201)</u>	<u>(366,204)</u>	<u>(541,405)</u>
Net Position Beginning as Restated	<u>15,442,872</u>	<u>17,972,712</u>	<u>33,415,584</u>
Net Position End of Year	<u>\$ 22,247,197</u>	<u>\$ 17,775,801</u>	<u>\$ 40,022,998</u>

Choice Health & Fitness membership revenue increased over \$225,000 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 14,100 members and ended the year with approximately 14,900 members. Growth in members is expected to continue and the first quarter of 2015 has started off strong. In programming revenue, we saw

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

increases in a number of areas due to added members and also with the increase in services provided. We believe 2015 will bring additional growth in some programs. On the expense side, 2014 had some increases in costs, mainly due to expansion of personal training programs and deli operations being run internally instead of outsourced as has been done in previous years. Coming into 2015 we believe we will reach new levels of enrollment in memberships and programming 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 April to early November in 2014. Total operating revenue was approximately 6% less than the 2013 revenue. This decrease was mainly due to how sales tax was accounted for. Over 26,500 rounds were played in 2014 and were up 1% from the 2013 season. Golfers purchasing King's Walk season tickets were again able to play Lincoln Golf Course at no extra cost and this policy will continue in 2015.

Lincoln Golf Course was open from late April to late October in 2014. Total operating revenue was approximately 6% less than the 2013 operating revenue. This decrease was mainly due to how sales tax was accounted for. Over 16,100 rounds were played in 2014 and were down 3% from the 2013 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 2014.

Original and final budgeted revenues for the general fund in 2014 were \$5,881,550 and the actual revenues were \$6,319,605. The major factors contributing to the increase of actual revenues over budgeted revenues in 2014 included an increase in state aid over budget of \$175,000. State aid continues to increase due to state sales tax collections. In addition, the District continued their process of budgeting conservatively for tax revenue, actual revenue was \$62,506 over budgeted revenue. Also, ice arena revenues were \$118,000 of actual revenue over budgeted revenue due to increased ice time rentals.

Original and final budgeted expenditures for the general fund were \$5,466,800 and the actual expenditures were \$5,822,177. Actual expenses were greater than budgeted mainly due to: Opening of ICON Sports Center, a new two sheet ice facility, in the fall of 2014 that was not budgeted for, including the purchase of a zamboni, and repairs and maintenance expenses higher than budgeted at the Eagles-Blue Line Club ice arena and Purpur-Gambucci ice arena.

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Capital Assets

Table 3
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>

Capital Assets at December 31, 2013
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,522,255	\$ 3,440,460	\$ 6,962,715
Land Improvements	11,492,297	-	11,492,297
Buildings, Systems & Structures	8,945,673	27,754,241	36,699,914
Golf Course	-	4,263,648	4,263,648
Equipment	1,333,160	642,895	1,976,055
Vehicles	211,104	1,473	212,577
Tractors, Trailers, and Mowers	332,511	215,594	548,105
Construction in Progress	4,063,438	-	4,063,438
<i>Totals</i>	<u>\$ 29,900,438</u>	<u>\$ 36,318,311</u>	<u>\$ 66,218,749</u>

Grand Forks Blue Line Club has assisted the District in their efforts to upgrade various District facilities. The District received funding in 2014 from the Grand Forks Blue Line Club to assist with the construction costs for a new two sheet ice facility, the ICON Sports Center. In addition, the Grand Forks Blue Line Club made a pledge to assist with the construction costs for a new baseball/softball complex in 2015.

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, 2014 AND 2013

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$40,947,673, contract payable of \$6,615,000, special assessments of \$347,206, a capital lease of \$29,450 and compensated absences of \$393,321.

Table 4
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
Total	<u>\$ 20,342,337</u>	<u>\$ 27,990,313</u>	<u>\$ 48,332,650</u>

Outstanding Debt at December 31, 2013

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 10,742,482	\$ -	\$ 10,742,482
Revenue Bonds	-	28,592,176	28,592,176
Contract Payable	7,405,000	-	7,405,000
Special Assessments Debt	3,271,177	-	3,271,177
Capital Leases	38,481	-	38,481
Compensated Absences	256,117	151,157	407,274
Total	<u>\$ 21,713,257</u>	<u>\$ 28,743,333</u>	<u>\$ 50,456,590</u>

The District's total debt decreased by \$2,123,940 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Current Financial Related Activities

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 is also expecting to complete a Master Plan project for the entire District. Preliminary results show the District has adequate amount of parks and programs and outstanding facilities. The preliminary results also show the public is satisfied with the service of the District.

For 2015 the District is expanding facilities to meet demand. Ryan Lake will be dredged to increase the fishing opportunities and other uses of the lake. Altru Wellness Village is considering adding trails, outdoor fitness equipment, educational crops and kiosks to the property. A baseball/softball complex will be constructed with phase I being completed in the fall of 2015. These projects are being constructed by mainly using philanthropic funding sources and grants.

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. In addition, the revenue sharing relationship with the State of North Dakota, which is experiencing prosperity from the agricultural and mineral industries, continues to increase. The District is pleased by the healthy reserves of the government funds at the end of 2014.

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 passes sold to be consistent with historical totals. The District's enterprise funds performed well in 2014.

The success of the capital campaigns for Choice Health & Fitness, which opened in the fall of 2012, and ICON Sports Center, which opened in the fall of 2014, has taught the District that they have a great deal of opportunity to improve facilities through philanthropic means. This is currently holding true with the capital campaign for the new baseball/softball complex. Therefore, the District will continue to work with the 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Performance Tools and Response to Change

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

Non-Tax Funds

Non-tax funds coming to the District are attributable to initiatives of District personnel and generosity of other organizations. There will be a continuing effort toward self-sufficiency of District golf courses, Choice Health & Fitness 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 47th Avenue South, Grand Forks, ND 58201.

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014

	Governmental Activities	Business Type Activities	Total	Component Unit
Assets				
Cash	\$ 2,543,762	\$ 871,536	\$ 3,415,298	\$ 756,236
Investments	-	-	-	177,087
Restricted Cash	199,000	-	199,000	-
Restricted Cash & Investments with Fiscal Agent - Debt Service	-	2,279,870	2,279,870	-
Accounts Receivable	411,708	112,712	524,420	53,623
Pledges Receivable, Net	3,183,482	5,034,508	8,217,990	9,026,172
Taxes Receivable	93,989	-	93,989	-
Special Assessments Receivable	38,404	-	38,404	-
Contract Receivable	80,456	1,382,697	1,463,153	6,615,000
Interest Receivable	-	3,811	3,811	-
Net Pension Asset	73,186	-	73,186	-
Inventory	-	56,202	56,202	-
Nondepreciable Capital Assets	15,353,365	3,249,695	18,603,060	-
Depreciable Capital Assets, Net	24,268,541	31,951,595	56,220,136	-
Unamortized Bond Issue Costs	-	-	-	47,490
Total Assets	<u>46,245,893</u>	<u>44,942,626</u>	<u>91,188,519</u>	<u>16,675,608</u>
Liabilities				
Accounts Payable	1,089,125	14,397	1,103,522	99
Sales Tax Payable	2,490	1,673	4,163	-
Accrued Payroll	93,917	66,746	160,663	-
Accrued Interest Payable	98,759	147,852	246,611	53,623
Unearned Revenue	-	40,410	40,410	527,800
Non Current Liabilities:				
Due Within One Year	1,717,518	1,397,495	3,115,013	1,666,206
Due in More than One Year	<u>18,624,819</u>	<u>26,592,818</u>	<u>45,217,637</u>	<u>13,741,957</u>
Total Liabilities	<u>21,626,628</u>	<u>28,261,391</u>	<u>49,888,019</u>	<u>15,989,685</u>
Net Position				
Net Investment in Capital Assets	19,535,112	7,348,755	26,883,867	-
Restricted for:				
Debt Service	444,344	-	444,344	-
Capital Projects	3,303,034	-	3,303,034	-
Social Security/Pension	7,712	-	7,712	-
Choice Health & Fitness - Cash	-	2,279,870	2,279,870	-
Foundation	-	-	-	295,848
Unrestricted	<u>1,329,063</u>	<u>7,052,610</u>	<u>8,381,673</u>	<u>390,075</u>
Total Net Position	<u>\$ 24,619,265</u>	<u>\$ 16,681,235</u>	<u>\$ 41,300,500</u>	<u>\$ 685,923</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	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
Governmental Activities								
Park Operations	\$ 5,132,039	\$ 689,067	\$ -	\$ 1,767,115	\$ (2,675,857)	\$ -	\$ (2,675,857)	\$ -
Forestry	863,522	1,600	-	-	(861,922)	-	(861,922)	-
Recreation	860,884	282,366	1,383	-	(577,135)	-	(577,135)	-
Interest on Long-Term Debt	862,460	-	-	-	(862,460)	-	(862,460)	-
Total Governmental Activities	<u>7,718,905</u>	<u>973,033</u>	<u>1,383</u>	<u>1,767,115</u>	<u>(4,977,374)</u>	<u>-</u>	<u>(4,977,374)</u>	<u>-</u>
Business-Type Activities								
King's Walk Golf Course	1,406,033	1,076,749	-	49,572	-	(279,712)	(279,712)	-
Lincoln Golf Course	304,092	234,469	-	1,287	-	(68,336)	(68,336)	-
Choice Health & Fitness	5,525,422	3,755,752	-	777,859	-	(991,811)	(991,811)	-
Total Business- Type Activities	<u>7,235,547</u>	<u>5,066,970</u>	<u>-</u>	<u>828,718</u>	<u>-</u>	<u>(1,339,859)</u>	<u>(1,339,859)</u>	<u>-</u>
Total Primary Government	<u>\$ 14,954,452</u>	<u>\$ 6,040,003</u>	<u>\$ 1,383</u>	<u>\$ 2,595,833</u>	<u>(4,977,374)</u>	<u>(1,339,859)</u>	<u>(6,317,233)</u>	<u>-</u>
Component Unit								
Foundation	<u>\$ 1,038,171</u>							<u>(1,038,171)</u>
General Revenues:								
Property Taxes					5,753,488	-	5,753,488	-
Grants and Entitlements not Restricted to Specific Programs					1,289,965	-	1,289,965	822,600
Investment Earnings					16,065	124,758	140,823	13,519
Miscellaneous					132,219	-	132,219	198,623
Gain on Sale of Capital Assets					-	278,240	278,240	-
Transfers					157,705	(157,705)	-	-
Total General Revenues and Transfers					<u>7,349,442</u>	<u>245,293</u>	<u>7,594,735</u>	<u>1,034,742</u>
Change in Net Position					2,372,068	(1,094,566)	1,277,502	(3,429)
Net Position- Beginning of Year					<u>22,247,197</u>	<u>17,775,801</u>	<u>40,022,998</u>	<u>689,352</u>
Net Position- End of Year					<u>\$ 24,619,265</u>	<u>\$ 16,681,235</u>	<u>\$ 41,300,500</u>	<u>\$ 685,923</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor - Social Security Fund	Total Governmental Funds
Assets					
Cash	\$ 2,040,513	\$ 485,779	\$ 208,328	\$ 8,142	\$ 2,742,762
Accounts Receivable	411,708	-	-	-	411,708
Taxes Receivable	55,037	18,920	11,444	8,589	93,990
Special Assessments Receivable	-	38,404	-	-	38,404
Pledge Receivable	-	-	3,183,482	-	3,183,482
Contract Receivable	20,456	-	60,000	-	80,456
Total Assets	<u>\$ 2,527,714</u>	<u>\$ 543,103</u>	<u>\$ 3,463,254</u>	<u>\$ 16,731</u>	<u>\$ 6,550,802</u>
Liabilities					
Accounts Payable	\$ 928,906	\$ -	\$ 160,220	\$ -	\$ 1,089,126
Sales Tax Payable	2,490	-	-	-	2,490
Accrued Payroll	84,895	-	-	9,019	93,914
Total Liabilities	<u>1,016,291</u>	<u>-</u>	<u>160,220</u>	<u>9,019</u>	<u>1,185,530</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	41,123	15,217	9,182	6,892	72,414
Unavailable Revenue - Special Assessments	-	38,404	-	-	38,404
Unavailable Revenue - Grant	-	-	10,000	-	10,000
Unavailable Revenue - Contracts and Pledges	43,606	-	3,243,482	-	3,287,088
Total Deferred Inflows of Resources	<u>84,729</u>	<u>53,621</u>	<u>3,262,664</u>	<u>6,892</u>	<u>3,407,906</u>
Fund Balances					
Restricted For:					
Debt Service	-	489,482	-	-	489,482
Capital Projects	-	-	40,370	-	40,370
Social Security/Pension	-	-	-	820	820
Unassigned	1,426,694	-	-	-	1,426,694
Total Fund Balances	<u>1,426,694</u>	<u>489,482</u>	<u>40,370</u>	<u>820</u>	<u>1,957,366</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,527,714</u>	<u>\$ 543,103</u>	<u>\$ 3,463,254</u>	<u>\$ 16,731</u>	<u>\$ 6,550,802</u>

The Accompanying Notes are an Integral Part of 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, 2014

Total Governmental Funds Balance		\$ 1,957,366
 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.		39,621,906
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the governmental funds:		
Net Pension Asset	\$ 73,186	
Contract Receivable	103,606	
Grant Receivable	10,000	
Special Assessments	38,404	
Property Taxes	72,414	
Pledge Receivable	<u>3,183,482</u>	
Total		3,481,092
Long-term liabilities not due and payable in the current period and therefore are not included in the governmental funds:		
Accrued Interest	(98,759)	
Compensated Absences	(255,543)	
Special Assessments	(347,206)	
Notes Payable	(6,644,450)	
Premium on Bonds Payable	(85,141)	
Bonds Payable	<u>(13,010,000)</u>	
Total		<u>(20,441,099)</u>
Net Position of Governmental Activities		<u>\$ 24,619,265</u>

The Accompanying Notes are an Integral Part of 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, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor - Social Security Fund	Total Governmental Funds
Revenues					
Local Property Taxes	\$ 3,960,406	\$ 423,025	\$ 793,746	\$ 596,613	\$ 5,773,790
Special Assessments	-	893,329	-	-	893,329
State Revenues	1,289,965	-	-	-	1,289,965
Program Income	973,033	-	-	-	973,033
Donations	1,383	-	1,305,193	-	1,306,576
Interest	6,861	591	8,522	91	16,065
Miscellaneous	87,957	-	44,267	-	132,224
Total Revenues	<u>6,319,605</u>	<u>1,316,945</u>	<u>2,151,728</u>	<u>596,704</u>	<u>10,384,982</u>
Expenditures					
Current:					
Park Operations	3,500,867	-	-	685,746	4,186,613
Forestry	772,552	-	-	-	772,552
Recreation	858,139	-	-	-	858,139
Capital Outlay:					
Capital and Betterment	679,640	338,813	9,759,045	-	10,777,498
Debt Service:					
Principal Retirement	9,031	4,002,784	790,000	-	4,801,815
Interest Charges	1,948	777,374	198,623	-	977,945
Total Expenditures	<u>5,822,177</u>	<u>5,118,971</u>	<u>10,747,668</u>	<u>685,746</u>	<u>22,374,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>497,428</u>	<u>(3,802,026)</u>	<u>(8,595,940)</u>	<u>(89,042)</u>	<u>(11,989,580)</u>
Other Financing Sources (Uses)					
Issuance of Debt	-	3,403,813	-	-	3,403,813
Premium on Debt Issuance	-	33,150	-	-	33,150
Proceeds on Sale of Capital Assets	900	-	-	-	900
Operating Transfers In	87,300	-	1,508,905	85,000	1,681,205
Operating Transfers Out	(1,270,000)	-	(253,500)	-	(1,523,500)
Total Other Financing Sources (Uses)	<u>(1,181,800)</u>	<u>3,436,963</u>	<u>1,255,405</u>	<u>85,000</u>	<u>3,595,568</u>
Net Change in Fund Balances	(684,372)	(365,063)	(7,340,535)	(4,042)	(8,394,012)
Fund Balance Beginning of Year	<u>2,111,066</u>	<u>854,545</u>	<u>7,380,905</u>	<u>4,862</u>	<u>10,351,378</u>
Fund Balance End of Year	<u>\$ 1,426,694</u>	<u>\$ 489,482</u>	<u>\$ 40,370</u>	<u>\$ 820</u>	<u>\$ 1,957,366</u>

The Accompanying Notes are an Integral Part of 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, 2014

Net Change in Fund Balance - Total Governmental Funds \$ (8,394,012)

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	\$ (16,835)	
Capital Asset Additions	10,366,270	
Current Year Depreciation	<u>(627,967)</u>	
Total		9,721,468

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

Property Taxes		(21,806)
Special Assessments		(29,115)
Contracts and Pledges Receivable		(400,792)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences		574
Change in Net Pension Obligation		15,416

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

Proceeds from the Issuance of Long-Term Debt		(3,403,813)
Premium on Issuance of Long-Term Debt		(33,150)

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, 2014:

Accrued Interest Payable	109,988	
Amortization of Bond Premium	5,498	
Principal Payment on Bonds Payable	740,000	
Principal Payment on Special Assessments	3,262,784	
Principal Payment on Notes Payable	<u>799,028</u>	

Total 4,917,298

Change in Net Position \$ 2,372,068

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2014

	Business-Type Activities-Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
Assets				
Current Assets:				
Cash	\$ 871,536	\$ -	\$ -	\$ 871,536
Accounts Receivable	19,353	-	96,359	115,712
Allowance for Doubtful Accounts	-	-	(3,000)	(3,000)
Due From Other Funds	478,116	-	-	478,116
Contract Receivable	332,199	-	-	332,199
Pledges Receivable	-	-	589,089	589,089
Interest Receivable	-	-	3,811	3,811
Inventory	50,098	6,104	-	56,202
Total Current Assets	<u>1,751,302</u>	<u>6,104</u>	<u>686,259</u>	<u>2,443,665</u>
Non-Current Assets:				
Restricted Cash & Investments with Fiscal Agent - Debt Service	-	-	2,279,870	2,279,870
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>2,279,870</u>	<u>2,279,870</u>
Capital Assets:				
Land	618,820	21,640	2,609,235	3,249,695
Buildings, Systems & Structures	2,210,000	550,007	26,606,953	29,366,960
Golf Course	5,546,326	533,780	-	6,080,106
Equipment	1,285,423	14,000	169,216	1,468,639
Vehicles	116,875	22,000	-	138,875
Tractors, Trailers, & Mowers	352,779	187,285	-	540,064
Less Accumulated Depreciation	<u>(3,577,626)</u>	<u>(563,277)</u>	<u>(1,502,146)</u>	<u>(5,643,049)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,552,597</u>	<u>765,435</u>	<u>27,883,258</u>	<u>35,201,290</u>
Contract Receivable, Net of Current Portion	1,050,498	-	-	1,050,498
Pledges Receivable, Net of Current Portion	<u>-</u>	<u>-</u>	<u>4,445,419</u>	<u>4,445,419</u>
Total Non-Current Assets	<u>7,603,095</u>	<u>765,435</u>	<u>34,608,547</u>	<u>42,977,077</u>
Total Assets	<u>9,354,397</u>	<u>771,539</u>	<u>35,294,806</u>	<u>45,420,742</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
AS OF DECEMBER 31, 2014

	Business-Type Activities-Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 2,401	\$ 971	\$ 11,025	\$ 14,397
Sales Tax Payable	121	-	1,552	1,673
Due to Other Funds	-	1,406	476,710	478,116
Accrued Payroll	23,027	-	43,719	66,746
Compensated Absences	16,000	1,000	70,000	87,000
Unearned Revenue	-	-	40,410	40,410
Bonds Payable	588,234	-	722,261	1,310,495
Accrued Interest Payable	18,440	-	129,412	147,852
Total Current Liabilities	<u>648,223</u>	<u>3,377</u>	<u>1,495,089</u>	<u>2,146,689</u>
Non-Current Liabilities:				
Compensated Absences	21,371	2,204	27,203	50,778
Bonds Payable	<u>4,979,322</u>	<u>-</u>	<u>21,562,718</u>	<u>26,542,040</u>
Total Non-Current Liabilities	<u>5,000,693</u>	<u>2,204</u>	<u>21,589,921</u>	<u>26,592,818</u>
Total Liabilities	<u>5,648,916</u>	<u>5,581</u>	<u>23,085,010</u>	<u>28,739,507</u>
Net Position				
Net Investment in Capital Assets	985,041	765,435	5,598,279	7,348,755
Restricted	-	-	2,279,870	2,279,870
Unrestricted	<u>2,720,440</u>	<u>523</u>	<u>4,331,647</u>	<u>7,052,610</u>
Total Net Position	<u>\$ 3,705,481</u>	<u>\$ 765,958</u>	<u>\$ 12,209,796</u>	<u>\$ 16,681,235</u>

The Accompanying Notes are an Integral Part of 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, 2014

	Business-Type Activities - Enterprise Funds			Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	
Operating Revenues:				
Charges for Sales and Services:				
Sales	\$ 1,076,749	\$ 234,469	\$ 3,755,752	\$ 5,066,970
Total Operating Revenues	<u>1,076,749</u>	<u>234,469</u>	<u>3,755,752</u>	<u>5,066,970</u>
Operating Expenses:				
Costs of Sales and Services	487,565	154,714	2,150,965	2,793,244
Administration	482,338	107,480	1,120,964	1,710,782
Total Operating Expenses	<u>969,903</u>	<u>262,194</u>	<u>3,271,929</u>	<u>4,504,026</u>
Operating Income (Loss) before Depreciation	<u>106,846</u>	<u>(27,725)</u>	<u>483,823</u>	<u>562,944</u>
Depreciation and Amortization	<u>270,455</u>	<u>41,898</u>	<u>689,488</u>	<u>1,001,841</u>
Operating Income (Loss)	<u>(163,609)</u>	<u>(69,623)</u>	<u>(205,665)</u>	<u>(438,897)</u>
Non-Operating Revenues (Expenses):				
Donations/Sponsorships	24,071	1,287	139,495	164,853
Special Assessments	25,501	-	-	25,501
Interest Income	105,933	9	18,816	124,758
Gain on Disposal of Fixed Assets	3,100	7,000	268,140	278,240
Bond Interest Subsidy	-	-	638,364	638,364
Bond Interest Expense	<u>(165,675)</u>	<u>-</u>	<u>(1,564,005)</u>	<u>(1,729,680)</u>
Total Non-Operating Revenue (Expenses)	<u>(7,070)</u>	<u>8,296</u>	<u>(499,190)</u>	<u>(497,964)</u>
Income (Loss) Before Transfers	<u>(170,679)</u>	<u>(61,327)</u>	<u>(704,855)</u>	<u>(936,861)</u>
Transfers In	140,000	30,000	163,500	333,500
Transfers Out	<u>(28,400)</u>	<u>(3,900)</u>	<u>(458,905)</u>	<u>(491,205)</u>
Total Transfers	<u>111,600</u>	<u>26,100</u>	<u>(295,405)</u>	<u>(157,705)</u>
Changes in Net Position	<u>(59,079)</u>	<u>(35,227)</u>	<u>(1,000,260)</u>	<u>(1,094,566)</u>
Total Net Position - Beginning	<u>3,764,560</u>	<u>801,185</u>	<u>13,210,056</u>	<u>17,775,801</u>
Total Net Position - Ending	<u>\$ 3,705,481</u>	<u>\$ 765,958</u>	<u>\$ 12,209,796</u>	<u>\$ 16,681,235</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities - Enterprise Funds			
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,099,014	\$ 234,469	\$ 3,745,937	\$ 5,079,420
Payments to Suppliers	(495,114)	(153,034)	(2,172,855)	(2,821,003)
Payments to Employees	(475,345)	(107,278)	(1,130,266)	(1,712,889)
Net Cash Provided (Used) by Operating Activities	<u>128,555</u>	<u>(25,843)</u>	<u>442,816</u>	<u>545,528</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Due from other Funds	(64,745)	-	-	(64,745)
Due to other Funds	-	1,406	63,339	64,745
Transfers from other Funds	140,000	30,000	163,500	333,500
Transfer to other Funds	(28,400)	(3,900)	(458,905)	(491,205)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>46,855</u>	<u>27,506</u>	<u>(232,066)</u>	<u>(157,705)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Bonds Payable	(5,345,000)	-	(330,000)	(5,675,000)
Proceeds from Issuance of Bonds	4,820,000	-	-	4,820,000
Capital Donations	362,967	1,287	589,792	954,046
Proceeds from Sale of Capital Assets	4,500	7,000	458,905	470,405
Purchases of Capital Assets	(31,965)	(17,306)	(27,713)	(76,984)
Interest Subsidy on Capital Debt	-	-	638,364	638,364
Interest Paid on Capital Debt	(72,666)	-	(1,562,024)	(1,634,690)
Net Cash Used by Capital and Related Financing Activities	<u>(262,164)</u>	<u>(9,019)</u>	<u>(232,676)</u>	<u>(503,859)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends Received	105,933	9	18,814	124,756
Net Cash Provided by Capital Investing Activities	<u>105,933</u>	<u>9</u>	<u>18,814</u>	<u>124,756</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,179	(7,347)	(3,112)	8,720
Cash and Cash Equivalents, January 1	852,357	7,347	2,282,982	3,142,686
Cash and Cash Equivalents, December 31	<u>\$ 871,536</u>	<u>\$ -</u>	<u>\$ 2,279,870</u>	<u>\$ 3,151,406</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (163,609)	\$ (69,623)	\$ (205,665)	\$ (438,897)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	270,455	41,898	689,488	1,001,841
Effects on Operating Cash Flows Due to Changes in:				
Accounts Receivable	22,265	-	(9,815)	12,450
Inventories	618	2,010	-	2,628
Accounts Payable	(3,172)	(330)	(20,120)	(23,622)
Accrued Payroll	3,362	-	7,909	11,271
Compensated Absences	3,631	202	(17,211)	(13,378)
Unearned Revenue	(4,995)	-	(1,770)	(6,765)
Total Adjustments	<u>292,164</u>	<u>43,780</u>	<u>648,481</u>	<u>984,425</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 128,555</u>	<u>\$ (25,843)</u>	<u>\$ 442,816</u>	<u>\$ 545,528</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2014

	<u>Pension Trust Fund</u>
ASSETS	
Investments, at Fair Value:	
Investment Funds	<u>\$ 5,998,879</u>
 Total Assets	 <u><u>\$ 5,998,879</u></u>
 NET POSITION	
Held in Trust for Pension Benefits and Other Purposes	 <u><u>\$ 5,998,879</u></u>

The Accompanying Notes are an Integral Part of 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, 2014

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 210,000
Plan Members	<u>78,912</u>
Total Contributions	<u>288,912</u>
Investment Earnings:	
Interest Income	375,015
Net Change in the Fair Value of Investments	34,965
Administrative Expenses	<u>(21,601)</u>
Net Investment Earnings	<u>388,379</u>
Total Additions	<u>677,291</u>
DEDUCTIONS	
Benefits Paid	<u>431,220</u>
Total Deductions	<u>431,220</u>
Change in Net Position	246,071
Net Position - Beginning	<u>5,752,808</u>
Net Position - Ending	<u>\$ 5,998,879</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014

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*.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Additionally, the District reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the employee retirement system.

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. Administration can authorize the transfer of budgeted amounts within any fund. Any revision that alters total expenditures of any fund must be approved by the Governing Board.

The Governing Board shall give preliminary approval of the District budget and give first reading of the annual appropriation ordinance by September 10 of each year. The Governing Board 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 Governing Board.

Supplemental appropriations must be passed by ordinance by the Governing Board 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 Governing Board. Strict administration of the budget in accordance with the purchasing policies, ordinances, and goals established by the Governing Board, will be honored by the Governing Board. Management may approve transfers up to any amount within object level. Any budget transfer between funds requires Governing Board action. The Governing Board will not authorize expenditures exceeding the total appropriations set forth in the final budget.

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.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

I. Property Taxes

Property tax levies are set by the Governing Board 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 FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 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 asset, 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 FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 District's 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 does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, *unavailable revenue – property taxes*, *unavailable revenue – special assessments*, *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.

Q. Sales Taxes

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

R. 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:

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Unrestricted Net Assets - 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.

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, 2014. 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 treasurer or in a financial institution other than that furnishing the collateral.

At December 31, 2014, the carrying amount of the District's bank deposits was \$3,614,298 and the bank balance was \$3,682,940, of which all was covered by Federal Depository Insurance or collateral held in safekeeping in the District's name. In addition, there is \$2,279,870 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 \$756,236 and the bank balance was \$760,324, of which all was covered by Federal Depository Insurance. In addition, there are investments of \$177,087 held with fiscal agent. All investments are U.S. government securities or exchange traded funds (ETFs).

B. Investments

As of December 31, 2014 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
Park District of the City of Grand Forks						
Pension Fund	\$ 5,998,879	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 5,998,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Grand Forks Parks and Recreation Foundation - Component Unit						
U.S. Government Securities	\$ 66,638	\$ -	\$ 49,403	\$ 4,821	\$ -	\$ 12,413
Exchange Traded Funds	110,449	-	-	-	-	-
Total	<u>\$ 177,087</u>	<u>\$ -</u>	<u>\$ 49,403</u>	<u>\$ 4,821</u>	<u>\$ -</u>	<u>\$ 12,413</u>

Investment Type	Value	Rating	Agency
Park District of the City of Grand Forks			
Pension Fund	\$ 5,998,879	N/A	N/A
Total	<u>\$ 5,998,879</u>		

Grand Forks Parks and Recreation Foundation - Component Unit			
U.S. Government Securities	\$ 66,638	N/A	N/A
Exchange Traded Funds	110,449	N/A	N/A
Total	<u>\$ 177,087</u>		

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Permitted Investments for Restricted Investments

The 2010A 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;
- 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;

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

- 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 FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance 01/01/14	Additions	Deletions	Balance 12/31/14
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,522,255	\$ -	\$ -	\$ 3,522,255
Land Improvements	11,492,297	338,813	-	11,831,110
Construction in Progress	4,063,438	-	(4,063,438)	-
Total Capital Assets Not Being Depreciated	<u>19,077,990</u>	<u>338,813</u>	<u>(4,063,438)</u>	<u>15,353,365</u>
Capital Assets Being Depreciated:				
Buildings, Systems and Structures	17,791,483	13,885,037	-	31,676,520
Equipment	2,580,089	131,850	(44,850)	2,667,089
Vehicles	1,087,834	19,842	-	1,107,676
Tractors, Trailers, & Mowers	615,345	70,380	(89,272)	596,453
Total Capital Assets Being Depreciated	<u>22,074,751</u>	<u>14,107,109</u>	<u>(134,122)</u>	<u>36,047,738</u>
Less Accumulated Depreciation:				
Buildings, Systems and Structures	(8,845,810)	(420,001)	-	(9,265,811)
Equipment	(1,246,929)	(118,985)	44,850	(1,321,064)
Vehicles	(876,730)	(41,259)	-	(917,989)
Tractors, Trailers, & Mowers	(282,834)	(47,722)	56,223	(274,333)
Total Accumulated Depreciation	<u>(11,252,303)</u>	<u>(627,967)</u>	<u>101,073</u>	<u>(11,779,197)</u>
Total Capital Assets Being Depreciated, Net	<u>10,822,448</u>	<u>13,479,142</u>	<u>(33,049)</u>	<u>24,268,541</u>
Governmental Capital Assets, Net	<u>\$ 29,900,438</u>	<u>\$ 13,817,955</u>	<u>\$ (4,096,487)</u>	<u>\$ 39,621,906</u>
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,440,460	\$ -	\$ (190,765)	\$ 3,249,695
Capital Assets Being Depreciated:				
Buildings, Systems and Structures	29,358,946	8,013	-	29,366,959
Golf Course	6,068,206	11,900	-	6,080,106
Equipment	1,456,940	19,700	(8,000)	1,468,640
Vehicles	138,875	-	-	138,875
Tractors, Trailers, & Mowers	514,691	37,372	(12,000)	540,063
Total Capital Assets Being Depreciated	<u>37,537,658</u>	<u>76,985</u>	<u>(20,000)</u>	<u>37,594,643</u>
Less Accumulated Depreciation:				
Buildings, Systems and Structures	(1,604,705)	(709,653)	-	(2,314,358)
Golf Course	(1,804,558)	(154,253)	-	(1,958,811)
Equipment	(814,045)	(94,943)	8,000	(900,988)
Vehicles	(137,402)	(333)	-	(137,735)
Tractors, Trailers, & Mowers	(299,097)	(42,659)	10,600	(331,156)
Total Accumulated Depreciation	<u>(4,659,807)</u>	<u>(1,001,841)</u>	<u>18,600</u>	<u>(5,643,048)</u>
Total Capital Assets Being Depreciated, Net	<u>28,918,946</u>	<u>(924,856)</u>	<u>(1,400)</u>	<u>31,951,595</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,318,311</u>	<u>\$ (924,856)</u>	<u>\$ (192,165)</u>	<u>\$ 35,201,290</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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

Governmental Activities:		
Park Operations	\$	579,933
Forestry		46,831
Recreation		<u>1,203</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>627,967</u></u>
Business-Type Activities:		
Kings Walk Golf Course	\$	270,455
Lincoln Golf Course		41,898
Choice Health & Fitness		<u>689,488</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>1,001,841</u></u>

NOTE 4 CONTRACT RECEIVABLE – LAND

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. Payments started on June 10, 2010 and annual payments are expected until December 31, 2018. In 2014, the District received \$313,395 in payments on the receivable.

The annual requirements to amortize the contract receivable at December 31, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 332,199	\$ 82,962	\$ 415,161
2016	352,131	63,030	415,161
2017	373,259	41,902	415,161
2018	<u>325,108</u>	<u>19,506</u>	<u>344,614</u>
	<u><u>\$ 1,382,697</u></u>	<u><u>\$ 207,400</u></u>	<u><u>\$ 1,590,097</u></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. The unremitted and delinquent amounts are included in taxes receivable.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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, a youth baseball and softball complex, and the ICON Sports Center and are due according to the following schedule:

Receivable in less than one year	\$ 1,086,758
Receivable in one to five years	2,801,870
Receivable in more than five years	<u>5,137,544</u>
	<u>\$ 9,026,172</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 \$3,338,339 at December 31, 2014.

Management estimates an allowance for uncollectible pledges to be \$405,662 at December 31, 2014.

The Foundation has received pledges and contributions, in the amount of \$527,800, related to the Youth Baseball & Softball complex project. All conditions for this project have not been met. As such, this amount is included in unearned revenue at December 31, 2014.

Choice Health & Fitness and the Capital Project fund have pledges receivable from the Foundation in the amount of \$5,034,508 and \$3,183,482 at December 31, 2014, respectively. The Foundation owes other organizations \$647,255 at December 31, 2014.

NOTE 7 EXPENDITURES IN EXCESS OF BUDGET/DEFICIT FUND BALANCE

Expenditures exceeded legally adopted budgets in the following fund:

General Fund	\$ 355,377
Debt Service Fund	3,491,071

Expenditures exceeded budget due to the following reasons –

General Fund – Actual expenses were greater than budgeted mainly due to: Opening of ICON Sports Center, a new two sheet ice facility, in the fall of 2014 that was not budgeted, including the purchase of a zamboni, and repairs and maintenance expenses higher than budgeted at the Eagles-Blue Line Club ice arena and Purpur-Gambucci ice arena.

Debt Service Fund – City special assessments and related issuance of debt was not originally budgeted for.

There are no funds that have deficit balances as of December 31, 2014.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 12/31/14</u>
<u>Governmental Activities:</u>					
General Obligation Special Assessment Prepayment Bonds, Series 2009	3/10/2009	\$ 4,840,000	2.00%-4.65%	4/1/2024	\$ 2,510,000
General Obligation Special Assessment Prepayment Refunding Bonds, Series 2009B	4/1/2009	1,990,000	2.50%-4.15%	4/1/2021	1,265,000
General Obligation Refunding Improvement Bonds, Series 2011	12/1/2011	4,500,000	2.00%-3.75%	5/1/2037	4,185,000
General Obligation Refunding Improvement Bonds, Series 2013A	12/12/2013	1,985,000	2.00%-4.00%	5/1/2033	1,985,000
General Obligation Special Assessment Prepayment Bonds, Series 2014A	1/7/2014	<u>3,065,000</u>	2.00%-3.25%	5/1/2028	<u>3,065,000</u>
Total Governmental Activities Bonds Payable		<u>\$ 16,380,000</u>			<u>\$ 13,010,000</u>
<u>Business-Type Activities:</u>					
General Obligation Refunding Improvement Bonds, Series 2009C	9/3/2009	\$ 485,000	1.20%-4.00%	12/1/2021	\$ 305,000
General Obligation Taxable Refunding Improvement Bonds, Series 2009D	9/3/2009	510,000	2.25%-5.40%	12/1/2021	330,000
Taxable Wellness Center Revenue Bonds, Series 2010A	12/29/2010	21,650,000	3.25%-8.25%	12/1/2036	21,650,000
Taxable Wellness Center Revenue Bonds, Series 2010B	12/29/2010	1,350,000	2.00%-3.50%	12/1/2016	695,000
General Obligation Refunding Improvement Bonds, Series 2014B	2/26/2014	<u>4,820,000</u>	2.00%-2.15%	5/1/2023	<u>4,820,000</u>
Total Business-Type Activities Bonds Payable		<u>\$ 28,815,000</u>			<u>\$ 27,800,000</u>
<u>Component Unit Activities:</u>					
Lease Revenue Bonds, Series 2009	12/30/2009	\$ 1,855,000	2.00%-3.50%	12/16/2020	\$ 260,000
Lease Revenue Bonds, Series 2013B	12/12/2013	<u>6,845,000</u>	3.00%-4.25%	10/1/2033	<u>6,355,000</u>
Total Component Unit Activities Bonds Payable		<u>\$ 8,700,000</u>			<u>\$ 6,615,000</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

During the year, the District refunded the 2004 Refunding Improvement Bond with the 2014B Refunding Improvement Bond. The change in the cash outflow for the debt provides lower cash outflow of \$728,595 with a net present value savings of \$638,492 for the refunding.

Pledged Revenues

The District's revenues are pledged for Taxable Wellness Center Revenue Bonds, Series 2010A and 2010B. 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, (iii) the federal subsidy payable to the District pursuant to Section 1400U-2 of the Code, and (iv) 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,	Governmental Activities					
	G.O. Special Assessment		G.O. Special Assessment		G.O. Refunding Improvement	
	Prepayment Bonds, Series 2009		Prepayment Refunding Bonds, Series 2009B		Bonds, Series 2011	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 410,000	\$ 86,736	\$ 160,000	\$ 43,360	\$ 165,000	\$ 115,800
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
2020-2024	905,000	89,170	400,000	16,808	950,000	448,484
2025-2029	-	-	-	-	935,000	318,446
2030-2034	-	-	-	-	855,000	185,089
2035-2037	-	-	-	-	590,000	33,608
	<u>\$ 2,510,000</u>	<u>\$ 413,013</u>	<u>\$ 1,265,000</u>	<u>\$ 177,298</u>	<u>\$ 4,185,000</u>	<u>\$ 1,530,727</u>

Year Ending December 31,	Governmental Activities					
	G.O. Refunding Improvement		G.O. Special Assessment		Total	
	Bonds, Series 2013A		Prepayment Bonds, Series 2014A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 85,000	\$ 56,366	\$ 190,000	\$ 74,343	\$ 1,010,000	\$ 376,605
2016	85,000	54,666	190,000	70,543	1,005,000	350,257
2017	85,000	52,966	195,000	66,693	900,000	324,864
2018	90,000	51,216	200,000	62,743	905,000	300,392
2019	90,000	49,416	205,000	58,693	920,000	274,960
2020-2024	480,000	216,890	1,100,000	223,241	3,835,000	994,593
2025-2029	555,000	145,845	985,000	64,213	2,475,000	528,504
2030-2034	515,000	41,525	-	-	1,370,000	226,614
2035-2037	-	-	-	-	590,000	33,608
	<u>\$ 1,985,000</u>	<u>\$ 668,890</u>	<u>\$ 3,065,000</u>	<u>\$ 620,466</u>	<u>\$ 13,010,000</u>	<u>\$ 3,410,394</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Business-Type Activities

Year Ending December 31,	Refunding Improvement Bonds, Series 2009C		Refunding Improvement Bonds, Series 2009D		Taxable Wellness Center Revenue Bonds, Series 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 35,000	\$ 10,492	\$ 45,000	\$ 16,246	\$ 385,000
2016	40,000	9,530	40,000	14,332	400,000	1,516,960
2017	40,000	8,330	45,000	12,532	740,000	1,502,960
2018	45,000	7,050	45,000	10,396	760,000	1,465,960
2019	45,000	5,520	50,000	8,146	780,000	1,427,960
2020-2024	100,000	5,900	105,000	8,566	4,275,000	6,458,948
2025-2029	-	-	-	-	5,095,000	4,976,028
2030-2034	-	-	-	-	6,285,000	2,803,789
2035-2037	-	-	-	-	2,930,000	365,475
	<u>\$ 305,000</u>	<u>\$ 46,822</u>	<u>\$ 330,000</u>	<u>\$ 70,218</u>	<u>\$ 21,650,000</u>	<u>\$ 22,047,553</u>

Business-Type Activities

Year Ending December 31,	Taxable Wellness Center Revenue Bonds, Series 2010B		Refunding Improvement Bonds, Series 2014B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 340,000	\$ 23,475	\$ 495,000	\$ 92,320	\$ 1,300,000
2016	355,000	12,425	505,000	82,320	1,340,000	1,635,567
2017	-	-	515,000	72,120	1,340,000	1,595,942
2018	-	-	525,000	61,720	1,375,000	1,545,126
2019	-	-	535,000	51,120	1,410,000	1,492,746
2020-2024	-	-	2,245,000	93,995	6,725,000	6,567,409
2025-2029	-	-	-	-	5,095,000	4,976,028
2030-2034	-	-	-	-	6,285,000	2,803,789
2035-2037	-	-	-	-	2,930,000	365,475
	<u>\$ 695,000</u>	<u>\$ 35,900</u>	<u>\$ 4,820,000</u>	<u>\$ 453,595</u>	<u>\$ 27,800,000</u>	<u>\$ 22,654,088</u>

Component Unit Activities

Year Ending December 31,	Lease Revenue Bonds, Series 2009		Lease Revenue Bonds, Series 2013B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 40,000	\$ 9,100	\$ 495,000	\$ 212,976	\$ 535,000
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
2020-2024	45,000	1,575	1,815,000	588,180	1,860,000	589,755
2025-2029	-	-	1,110,000	357,002	1,110,000	357,002
2030-2034	-	-	1,060,000	114,180	1,060,000	114,180
	<u>\$ 260,000</u>	<u>\$ 32,550</u>	<u>\$ 6,355,000</u>	<u>\$ 1,973,642</u>	<u>\$ 6,615,000</u>	<u>\$ 2,006,192</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Special Assessment Debt

The District has special assessment debt obligations of \$347,206 on various parcels of land at December 31, 2014. Approximately \$3,065,000 of special assessments were paid off in 2014 with the issuance of bonds.

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.

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

Year Ending December 31,	Governmental Activities	
	Capital Lease Payable	
	Principal	Interest
2015	\$ 9,556	\$ 1,423
2016	10,111	867
2017	9,783	279
	\$ 29,450	\$ 2,569

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Balance 1/1/14	Issued	Retired	Balance 12/31/14	Due Within One Year
<i>Governmental Activities:</i>					
Bonds Payable:					
General Obligation Bonds	\$ 10,685,000	\$ 3,065,000	\$ (740,000)	\$ 13,010,000	\$ 1,010,000
Unamortized Bond Premium	57,482	33,150	(5,494)	85,138	5,497
Notes Payable - Capital Lease	38,481	-	(9,031)	29,450	9,556
Contract Payable	7,405,000	-	(790,000)	6,615,000	535,000
Special Assessments Debt	3,271,177	338,813	(3,262,784)	347,206	17,465
Compensated Absences	256,117	138,707	(139,281)	255,543	140,000
Governmental Activity Long-Term Liabilities	\$ 21,713,257	\$ 3,575,670	\$ (4,946,590)	\$ 20,342,337	\$ 1,717,518
<i>Business Type Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 28,655,000	\$ -	\$ (855,000)	\$ 27,800,000	\$ 1,300,000
Unamortized Bond Premium	6,094	129,613	(17,771)	117,936	14,012
Unamortized Bond Discount	(68,918)	-	3,517	(65,401)	(3,517)
Compensated Absences	151,157	73,311	(86,690)	137,778	87,000
Business-Type Activities Long-Term Liabilities	\$ 28,743,333	\$ 202,924	\$ (955,944)	\$ 27,990,313	\$ 1,397,495
<i>Component Unit Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 7,405,000	\$ -	\$ (790,000)	\$ 6,615,000	\$ 535,000

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 0.40% of the total assessed value of taxable property.

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

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, 2014, is as follows:

Year Ending <u>December 31,</u>	<u>Contract Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 535,000	\$ 222,076
2016	550,000	205,826
2017	575,000	189,126
2018	495,000	171,652
2019	430,000	156,576
2020-2024	1,860,000	589,756
2025-2029	1,110,000	357,002
2030-2033	<u>1,060,000</u>	<u>114,180</u>
	<u>\$ 6,615,000</u>	<u>\$ 2,006,194</u>

NOTE 10 CONTRACT PAYABLE TO GRAND FORKS PARKS AND RECREATION FOUNDATION

As noted in Note 9, the 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 lease agreements. The contract payable amount for the District, as of December 31, 2014, is as follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/14</u>
<u>Governmental Activities:</u>					
Grand Forks Parks and Recreation Foundation	12/30/2009	\$ 1,855,000	2.00%-3.50%	12/16/2020	\$ 260,000
Grand Forks Parks and Recreation Foundation	12/12/2013	<u>6,845,000</u>	3.00%-4.25%	10/1/2033	<u>6,355,000</u>
Total Contract Payable		<u>\$ 8,700,000</u>			<u>\$ 6,615,000</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Contract payable requirements to maturity are as follows:

Year Ending December 31,	Governmental Activities	
	<u>Contract Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 535,000	\$ 222,076
2016	550,000	205,826
2017	575,000	189,126
2018	495,000	171,651
2019	430,000	156,576
2020-2024	1,860,000	589,755
2025-2029	1,110,000	357,002
2030-2034	1,060,000	114,180
	<u>\$ 6,615,000</u>	<u>\$ 2,006,192</u>

NOTE 11 RESTRICTED NET POSITION

Net position is restricted for the following purposes:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Debt Service	\$ 444,344	\$ -
Capital Projects	3,303,034	-
Social Security/Pension	7,712	-
Choice Health & Fitness - Cash Restrictions	-	2,279,870
	<u>\$ 3,755,090</u>	<u>\$ 2,279,870</u>

NOTE 12 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 13 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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

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

Endowment Net Assets Composition by Type of Fund as of December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total Donor-Restricted Endowment Funds as of December 31, 2014	\$ -	\$ -	\$ 173,956	\$ 173,956

Changes in Endowment Net Assets for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, As of January 1, 2014	\$ -	\$ -	\$ 147,067	\$ 147,067
Contributions	-	-	11,342	11,342
Investment Return:				
Unrealized/realized gain (loss) on investments	-	-	2,637	2,637
Distributions	-	-	(1,788)	(1,788)
Reclassifications	-	-	14,698	14,698
Endowment Net Assets, As of December 31, 2014	\$ -	\$ -	\$ 173,956	\$ 173,956

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) as of December 31, 2014

Permanently Restricted Net Assets:

The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	<u>\$ 173,956</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 173,956</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 for requires 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, 2014.

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 14 INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables are set up to cover deficit cash balances. As of December 31, 2014, Kings Walk Golf Course has receivables in the amount of \$476,710 and \$1,406 from Choice Health & Fitness and Lincoln Golf Course, respectively, due to deficit cash balances.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 15 INTERFUND TRANSFERS

Interfund transfers were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 87,300	\$ 1,270,000
Social Security Fund	85,000	-
Capital Projects Fund	1,508,905	253,500
King's Walk Golf Course	140,000	28,400
Lincoln Golf Course	30,000	3,900
Choice Health & Fitness	163,500	458,905
Total	<u>\$ 2,014,705</u>	<u>\$ 2,014,705</u>

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

NOTE 16 UNEARNED REVENUE

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

	Business-Type Activities
Prepaid Lease Agreement	\$ 40,410
Total	<u>\$ 40,410</u>

NOTE 17 UNAVAILABLE REVENUE

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

	Governmental Activities
Taxes Receivable	\$ 75,414
Special Assessments Receivable	38,404
Contracts Receivable	100,606
Grants Receivable	10,000
Pledge Receivable	3,183,482
Total	<u>\$ 3,407,906</u>

The unavailable revenue from contracts receivable consists of \$17,150 due from various sponsorships, \$65,500 due from the University of North Dakota, \$4,500 due from the Grand Forks Lions Club, \$10,456 due from the Masonic Malta Lodge 131 and \$3,000 due from the Myra Foundation.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 18 PENSION PLAN

A. Plan Description

Substantially all full-time employees of the District were eligible to belong to a pension plan administered by the Park District of the City of Grand Forks, North Dakota. Effective January 1, 2010, the plan was closed to new employees. New employees are eligible to be part of NDPERS.

At January 1, 2014 membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	23
Current employees	25

The Pension Plan is a single employer defined benefit pension plan. The payroll for the employees covered by the Pension Plan for the years ended December 31, 2014 and 2013 was \$1,429,037 and \$1,511,423, respectively. The total payroll of the District for the years ended December 31, 2014 and 2013 was \$4,191,651 and \$4,604,231, respectively.

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.
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.

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.

Contributions to the plan are required as follows:

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

“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.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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

The Board of Commissioners approved adopting an Early Retirement Benefit plan under the rule of 90. The rule of 90 is when an employee's years of service and years of age total the number 90. If an employee chooses to retire after reaching the rule of 90, that employee will be eligible to receive half of their current salary, which will be paid monthly over a four year period. The benefit expires at age 65. 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.

The unfunded actuarial accrued liability as of January 1, 2014 for the Park District Employee Pension Plan was \$1,745,410. The breakdown of the unfunded actuarial accrued liability for the plan is as follows:

Actuarial Liability for:		
Active Employees	\$	4,636,014
Retirees, Beneficiaries and Disabled Employees		2,602,941
Terminated Employees with Vested Benefits		<u>260,101</u>
Total	\$	7,499,056
Actuarial Value of Plan Assets as of January 1, 2014		<u>5,753,646</u>
Unfunded Actuarial Accrued Liability as of January 1, 2014	\$	<u>1,745,410</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Annual Pension Costs

Year	ARC	Interest on NPO	ARC Adjustment	Amortization Factor	Pension Cost	Contribution	Change in NPO	NPO Balance	Loss/(Gain)	Amortization Factor	Amort. of Loss/(Gain)	Ending Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1987	\$ 9,375				\$ 9,375	\$ 12,823	\$ (3,448)	\$ (3,448)	\$ (3,448)			\$ (3,448)
1988	8,956	\$ (276)	\$ (410)	8.40	9,090	33,000	(23,910)	(27,358)	(24,044)	8.40	\$ (410)	(27,358)
1989	33,905	(2,189)	(3,255)	8.40	34,971	32,000	2,971	(24,386)	1,905	8.40	(3,255)	(24,386)
1990	33,471	(1,951)	(2,901)	8.40	34,421	32,000	2,421	(21,965)	1,471	8.40	(2,901)	(21,965)
1991	35,727	(1,757)	(2,613)	8.40	36,583	50,000	(13,417)	(35,383)	(14,273)	8.40	(2,613)	(35,383)
1992	39,825	(2,831)	(4,210)	8.40	41,204	40,000	1,204	(34,178)	(175)	8.40	(4,210)	(34,178)
1993	54,038	(2,734)	(4,066)	8.40	55,370	40,000	15,370	(18,808)	14,038	8.40	(4,066)	(18,088)
1994	48,102	(1,505)	(2,238)	8.40	48,835	40,000	8,835	(9,973)	8,102	8.40	(2,238)	(9,973)
1995	50,409	(798)	(1,187)	8.40	50,798	50,000	798	(9,175)	409	8.40	(1,187)	(9,175)
1996	58,394	(734)	(1,092)	8.40	58,752	60,000	(1,248)	(10,423)	(1,606)	8.40	(1,092)	(10,423)
1997	60,256	(834)	(1,240)	8.40	60,662	61,355	(693)	(11,116)	(1,099)	8.40	(1,240)	(11,116)
1998	60,892	(889)	(1,323)	8.40	61,326	100,000	(38,674)	(49,790)	(39,108)	8.40	(1,323)	(49,790)
1999	63,037	(3,983)	(5,924)	8.40	64,978	80,000	(15,022)	(64,812)	(16,963)	8.40	(5,924)	(64,812)
2000	37,946	(5,185)	(7,711)	8.40	40,472	80,000	(39,528)	(104,340)	(42,054)	8.40	(7,711)	(104,340)
2001	75,773	(8,347)	(12,414)	8.40	79,840	80,000	(160)	(104,501)	(4,227)	8.40	(12,414)	(104,501)
2002	130,434	(8,360)	(12,433)	8.40	134,507	95,000	39,507	(64,994)	35,434	8.40	(12,433)	(64,994)
2003	163,505	(5,199)	(7,733)	8.40	166,039	140,000	26,039	(38,955)	23,505	8.40	(7,733)	(38,955)
2004	143,743	(3,116)	(4,635)	8.40	145,262	200,000	(54,738)	(93,693)	(56,257)	8.40	(4,635)	(93,693)
2005	170,365	(7,495)	(11,147)	8.40	174,017	219,688	(45,671)	(139,364)	(49,323)	8.40	(11,147)	(139,364)
2006	173,728	(11,149)	(16,581)	8.40	179,160	220,000	(40,840)	(180,204)	(46,272)	8.40	(16,581)	(180,204)
2007	69,097	(14,416)	(21,440)	8.40	76,121	215,999	(139,878)	(320,082)	(146,902)	8.40	(21,440)	(320,082)
2008	72,139	(25,607)	(38,083)	8.40	84,615	91,333	(6,718)	(326,800)	(927)	8.40	(38,083)	(326,800)
2009	218,964	(26,144)	(36,730)	8.40	231,702	164,345	67,357	(259,443)	54,619	8.40	(36,730)	(259,443)
2010	254,706	(20,755)	(30,868)	8.40	264,819	157,794	107,025	(152,418)	96,912	8.40	(30,868)	(152,418)
2011	209,193	(12,193)	(18,134)	8.40	215,134	170,400	44,734	(107,684)	38,793	8.40	(18,134)	(107,684)
2012	195,099	(8,615)	(12,820)	8.40	199,304	131,600	67,704	(39,980)	63,499	8.40	(12,820)	(39,980)
2013	190,651	(3,199)	(4,758)	8.40	192,210	210,000	(17,790)	(57,770)	(19,349)	8.40	(4,758)	(57,770)
2014	192,332	(4,622)	(6,874)	8.40	194,584	210,000	(15,416)	(73,186)	(17,668)	8.40	(6,874)	(73,186)

Notes:

Amortization Method: Level Dollar Open
Amortization Period: 14.5 years (average remaining service life of active plan members as of 1/1/2001 applied to all years)
Investment Return: 8.0%
Actuarial Cost Method: ARC is based on Frozen Entry Age Method
Actuarial Asset Method: Market Value
Proj. Salary Increase: 2.0%
Actuarial Valuation Date: January 1, 2014

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 19 PENSION PLAN - NDPERS

Effective January 1, 2010, the District's new employees (and consenting prior employees) participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. The following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of the District. The plan provides retirement, disability and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' 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 employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 7% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. The District has implemented a salary reduction agreement and is currently remitting the employees share. The District is required to contribute 7.12% of each participant's salary as the employer's share. In addition to the 7.12% employer contribution, the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The District's contributions to the North Dakota Public Employees' Retirement System for the years ended December 31, 2014, 2013, and 2012 were \$116,147, \$88,919, and \$57,836, respectively. The required contributions are determined using an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

NOTE 20 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. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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 21 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 22 MEMBERSHIPS SHARING WITH 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 23 NEW PRONOUNCEMENTS

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This statement establishes a definition of a pension plan that Reflects the primary activities associated with the pension arrangement—Determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. GASB 68 is effective for periods beginning after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. Or a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a nonexchange financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a nonexchange financial guarantee may be applied prospectively.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning new pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014.

NOTE 24 RECLASSIFICATION

During 2014, the forestry, insurance and recreation funds are reported with the general fund for reporting purposes.

Certain reclassifications have been made to the 2013 financial statements in order to conform with the 2014 presentation.

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PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF FUNDING PROGRESS -PENSION TRUST FUND
AS OF DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 1994	\$ 1,054,952	\$ 1,353,050	\$ 298,098	78.0%	\$ 877,868	34.0%
January 1, 1995	1,208,185	1,514,199	306,014	79.8%	912,371	33.5%
January 1, 1996	1,303,424	1,609,986	306,562	81.0%	957,619	32.0%
January 1, 1997	1,451,840	1,757,250	305,410	82.6%	986,043	31.0%
January 1, 1998	1,594,804	1,899,746	304,942	83.9%	988,787	30.8%
January 1, 1999	1,793,300	2,057,719	264,419	87.1%	1,066,205	24.8%
January 1, 2000	2,289,364	2,533,668	244,304	90.4%	1,045,255	23.4%
January 1, 2001	2,246,275	2,441,756	195,481	92.0%	1,215,840	16.1%
January 1, 2002	2,066,929	2,250,535	183,606	91.8%	1,363,087	13.5%
January 1, 2003	1,926,639	2,141,237	214,598	90.0%	1,479,536	14.5%
January 1, 2004	2,465,661	2,702,130	236,469	91.2%	1,537,931	15.4%
January 1, 2005	2,888,324	3,240,627	352,303	89.1%	1,658,246	21.2%
January 1, 2006	3,300,350	3,594,572	294,222	91.8%	1,789,248	16.4%
January 1, 2007	3,674,186	4,518,013	843,827	81.3%	1,721,123	49.0%
January 1, 2008	4,124,714	4,960,663	835,949	83.1%	1,871,849	44.7%
January 1, 2009	3,009,013	5,437,063	2,428,050	55.3%	1,937,244	125.3%
January 1, 2010	3,714,222	6,026,610	2,312,388	61.6%	1,921,119	120.4%
January 1, 2011	4,271,184	6,206,935	1,935,751	68.8%	1,637,164	118.2%
January 1, 2012	4,335,207	6,289,813	1,954,606	68.9%	1,536,806	127.2%
January 1, 2013	4,847,637	6,714,327	1,866,690	72.2%	1,511,423	123.5%
January 1, 2014	5,753,646	7,499,056	1,745,410	76.7%	1,429,037	122.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contributions	Employer Contribution	Percentage Contribution
December 31, 1995	\$ 50,409	\$ 50,000	99.2%
December 31, 1996	58,394	60,000	102.8%
December 31, 1997	60,256	61,355	101.8%
December 31, 1998	60,892	100,000	164.2%
December 31, 1999	63,037	80,000	126.9%
December 31, 2000	37,946	80,000	210.8%
December 31, 2001	75,773	80,000	105.6%
December 31, 2002	130,434	95,000	72.8%
December 31, 2003	163,505	140,000	85.6%
December 31, 2004	143,743	200,000	139.1%
December 31, 2005	170,365	219,688	129.0%
December 31, 2006	173,728	220,000	126.6%
December 31, 2007	69,097	215,999	312.6%
December 31, 2008	72,139	91,333	126.6%
December 31, 2009	218,964	164,345	75.1%
December 31, 2010	254,706	157,794	62.0%
December 31, 2011	209,193	170,400	81.5%
December 31, 2012	195,099	131,600	67.5%
December 31, 2013	190,651	210,000	110.1%
December 31, 2014	192,332	210,000	109.2%

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, 2014

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local Property Taxes	\$ 3,897,900	\$ 3,960,406	\$ 62,506
State Revenues	1,115,000	1,289,965	174,965
Program Income	815,450	973,033	157,583
Interest	7,600	6,861	(739)
Donations	5,900	1,383	(4,517)
Miscellaneous	<u>39,700</u>	<u>87,957</u>	<u>48,257</u>
 Total Revenues	 <u>5,881,550</u>	 <u>6,319,605</u>	 <u>438,055</u>
EXPENDITURES			
Current:			
Park Operations	3,412,400	3,500,867	(88,467)
Forestry	833,700	772,552	61,148
Recreation	827,400	858,139	(30,739)
Capital Outlay:			
Capital and Betterment	393,300	679,640	(286,340)
Debt Service:			
Principal Retirement	-	9,031	(9,031)
Interest Charges	<u>-</u>	<u>1,948</u>	<u>(1,948)</u>
 Total Expenditures	 <u>5,466,800</u>	 <u>5,822,177</u>	 <u>(355,377)</u>
 Excess of Revenues over Expenditures	 <u>414,750</u>	 <u>497,428</u>	 <u>82,678</u>
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	-	900	900
Transfers In	87,300	87,300	-
Transfers Out	<u>(220,000)</u>	<u>(1,270,000)</u>	<u>(1,050,000)</u>
 Total Other Financing Sources (Uses)	 <u>(132,700)</u>	 <u>(1,181,800)</u>	 <u>(1,049,100)</u>
 Net Change in Fund Balances	 282,050	 (684,372)	 (966,422)
 Fund Balances - Beginning of Year	 <u>2,111,066</u>	 <u>2,111,066</u>	 <u>-</u>
 Fund Balances - End of Year	 <u>\$ 2,393,116</u>	 <u>\$ 1,426,694</u>	 <u>\$ (966,422)</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTE TO BUDGETARY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

The Governing Board shall give preliminary approval of the District budget and give first reading of the annual appropriation ordinance by September 10 of each year. The Governing Board 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 Governing Board.

Supplemental appropriations must be passed by ordinance by the Governing Board 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 Governing Board. Strict administration of the budget in accordance with the purchasing policies, ordinances, and goals established by the Governing Board, will be honored by the Governing Board. Management may approve transfers up to any amount within object level. Any budget transfer between funds requires Governing Board action. The Governing Board will not authorize expenditures exceeding the total appropriations set forth in the final budget.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
COMBINING SCHEDULE OF BALANCE SHEET – GENERAL FUND
AS OF DECEMBER 31, 2014

	General Fund	Recreation Fund	Forestry Fund	Insurance Fund	Total General Funds
Assets					
Cash	\$ 1,347,827	\$ 142,618	\$ 550,068	\$ -	\$ 2,040,513
Accounts Receivable	411,684	24	-	-	411,708
Taxes Receivable	50,490	2,085	2,462	-	55,037
Contract Receivable	20,456	-	-	-	20,456
Total Assets	1,830,457	144,727	552,530	-	2,527,714
Liabilities					
Accounts Payable	924,982	3,924	-	-	928,906
Sales Tax Payable	2,442	48	-	-	2,490
Accrued Payroll	61,292	11,081	12,522	-	84,895
Total Liabilities	988,716	15,053	12,522	-	1,016,291
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	41,123	-	-	-	41,123
Unavailable Revenue - Contracts and Pledges	40,606	-	3,000	-	43,606
Total Deferred Inflows of Resources	81,729	-	3,000	-	84,729
Fund Balances					
Unassigned	760,012	129,674	537,008	-	1,426,694
Total Fund Balances	760,012	129,674	537,008	-	1,426,694
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,830,457	\$ 144,727	\$ 552,530	\$ -	\$ 2,527,714

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, 2014

	General Fund	Recreation Fund	Forestry Fund	Insurance Fund	Total General Funds
Revenues					
Local Property Taxes	\$ 2,204,386	\$ 732,218	\$ 864,685	\$ 159,117	\$ 3,960,406
State Revenues	1,289,965	-	-	-	1,289,965
Program Income	689,067	282,366	1,600	-	973,033
Donations	-	1,383	-	-	1,383
Interest	6,362	80	373	46	6,861
Miscellaneous	59,683	25,649	2,625	-	87,957
Total Revenues	<u>4,249,463</u>	<u>1,041,696</u>	<u>869,283</u>	<u>159,163</u>	<u>6,319,605</u>
Expenditures					
Current:					
Park Operations	3,287,298	-	-	213,569	3,500,867
Forestry	-	-	772,552	-	772,552
Recreation	-	858,139	-	-	858,139
Capital Outlay:					
Capital and Betterment	614,118	1,541	63,981	-	679,640
Debt Service:					
Principal Retirement	9,031	-	-	-	9,031
Interest Charges	1,948	-	-	-	1,948
Total Expenditures	<u>3,912,395</u>	<u>859,680</u>	<u>836,533</u>	<u>213,569</u>	<u>5,822,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>337,068</u>	<u>182,016</u>	<u>32,750</u>	<u>(54,406)</u>	<u>497,428</u>
Other Financing Sources (Uses)					
Proceeds on Sale of Capital Assets	900	-	-	-	900
Operating Transfers In	87,300	-	-	-	87,300
Operating Transfers Out	(1,135,000)	(135,000)	-	-	(1,270,000)
Total Other Financing Sources (Uses)	<u>(1,046,800)</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>	<u>(1,181,800)</u>
Net Change in Fund Balances	(709,732)	47,016	32,750	(54,406)	(684,372)
Fund Balance Beginning of Year	<u>1,469,744</u>	<u>82,658</u>	<u>504,258</u>	<u>54,406</u>	<u>2,111,066</u>
Fund Balance End of Year	<u>\$ 760,012</u>	<u>\$ 129,674</u>	<u>\$ 537,008</u>	<u>\$ -</u>	<u>\$ 1,426,694</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF FINANCIAL POSITION
FOUNDATION COMPONENT UNIT
AS OF DECEMBER 31, 2014

Assets

Current Assets:

Cash & Cash Equivalents	\$ 756,236
Investments	177,087
Accounts Receivable	53,623
Pledges Receivable, Net of Allowance for Uncollectibles	1,086,758
Contract Receivable	<u>535,000</u>
Total Current Assets	<u>2,608,704</u>

Non - Current Assets:

Bond Issue Costs	47,490
Pledges Receivable, Net of Current Portion and Allowance	7,939,414
Contract Receivable, Net of Current Portion	<u>6,080,000</u>
Total Non - Current Assets	<u>14,066,904</u>

Total Assets \$ 16,675,608

Liabilities

Current Liabilities:

Accounts Payable	\$ 99
Interest Payable	53,623
Pledges Payable, Net of Allowance for Uncollectibles	1,131,206
Bonds Payable	<u>535,000</u>
Total Current Liabilities	<u>1,719,928</u>

Non - Current Liabilities:

Unearned Revenue	527,800
Pledges Payable, Net of Current Portion and Allowance	7,661,957
Bonds Payable, Net of Current Portion	<u>6,080,000</u>
Total Non - Current Liabilities	<u>14,269,757</u>

Total Liabilities 15,989,685

Net Assets

Unrestricted	390,075
Temporarily Restricted	121,892
Permanently Restricted	<u>173,956</u>
Total Net Assets	<u>685,923</u>

Total Liabilities and Net Assets \$ 16,675,608

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF ACTIVITIES
FOUNDATION COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Gifts and Bequests	\$ 11,342	\$ 798,553	\$ 12,705	\$ 822,600
Rent Income	-	-	198,623	198,623
Interest and Dividends	2,637	2,355	8,527	13,519
Net Assets Released from Restriction	(1,788)	(805,410)	807,198	-
Reclassification of Net Assets per Donor Request	<u>14,698</u>	<u>(14,698)</u>	<u>-</u>	<u>-</u>
	<u>26,889</u>	<u>(19,200)</u>	<u>1,027,053</u>	<u>1,034,742</u>
EXPENSES				
Marketing	-	-	2,262	2,262
Contributions	-	-	831,428	831,428
Interest Expense	-	-	204,178	204,178
Office Expense	-	-	303	303
	<u>-</u>	<u>-</u>	<u>1,038,171</u>	<u>1,038,171</u>
CHANGES IN NET ASSETS	26,889	(19,200)	(11,118)	(3,429)
BEGINNING NET ASSETS	<u>147,067</u>	<u>141,092</u>	<u>401,193</u>	<u>689,352</u>
ENDING NET ASSETS	<u>\$ 173,956</u>	<u>\$ 121,892</u>	<u>\$ 390,075</u>	<u>\$ 685,923</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, 2014, and the related notes to the financial statements, which collectively comprise the Park District of the City of Grand Forks' basic financial statements and have issued our report thereon dated March 30, 2015.

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

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

March 30, 2015