

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

| | Page |
|--|-------------|
| ROSTER OF DISTRICT OFFICIALS | 1 |
| INDEPENDENT AUDITOR'S REPORT | 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 5 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 17 |
| Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities | 18 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 19 |
| Reconciliation of the Changes in Fund Balance of Governmental Funds to the Statement of Activities | 20 |
| Statement of Net Position - Proprietary Funds | 21 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | 23 |
| Statement of Cash Flows - Proprietary Funds | 24 |
| Statement of Fiduciary Net Position – Fiduciary Funds | 25 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds | 26 |
| Notes to the Basic Financial Statements | 27 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of District's Contributions to NDPERS/Single Employer Plans | 62 |
| Schedule of District's and Non-Employer Proportionate Share of the Net Pension Liability | 63 |
| Schedule of Changes in the District's Net Pension Liability and Related Ratios | 64 |

| | |
|---|----|
| Schedule of District's Contributions to OPEB Plan | 65 |
| Schedule of District's Share of the OPEB Liability | 66 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund | 67 |
| Notes to the Required Supplementary Information | 68 |

SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Combining Statement of Balance Sheet - General Fund | 70 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund | 71 |

**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***

72

PARK DISTRICT OF THE CITY OF GRAND FORKS
ROSTER OF DISTRICT OFFICIALS
AS OF DECEMBER 31, 2020

| | |
|------------------|--------------------|
| Tim Skarperud | President |
| Greg LaDouceur | Vice-President |
| Cody Bartholomew | Board Member |
| Terry Dvorak | Board Member |
| Russell Kraft | Board Member |
| Bill Palmiscno | Executive Director |

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Park District of the City of Grand Forks as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Park District of the City of Grand Forks' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Park District of the City of Grand Forks, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's contributions to NDPERS/ single employer plans, schedule of District's and non-employer proportionate share of the net pension liability, schedule of changes in the District's net pension liability and related ratios, schedule of District's contributions to OPEB plan, schedule of District's share of the OPEB liability, 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' basic financial statements. The combining general fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining general fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of District officials has not been subjected to the auditing procedure applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this schedule.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Park District of the City of Grand Forks' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park District of the City of Grand Forks' internal control over financial reporting and compliance.



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

March 24, 2021

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2020

The discussion and analysis of the Park District of the City of Grand Forks' (District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2020 with comparisons for the year ended December 31, 2019. 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. Certain reclassifications have been made to the 2019 financial statements in order to conform with the 2020 presentation.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$51,263,556 (net position).
- The change in net position from current year activity was an increase of \$2,287,148.
- Total liabilities were \$43,093,421 at December 31, 2020. This is a decrease of \$585,579 from the balance at December 31, 2019. This result was mainly due to bond payments and changes in pension liabilities.

Using this Annual Financial Report

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

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

Reporting on the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

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 2020 and 2019:

Table 1
Statement of Net Position
 December 31, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Current and Other Assets | \$ 2,275,554 | \$ 14,510,107 | \$ 16,785,661 |
| Capital Assets, Net | <u>44,087,626</u> | <u>31,355,794</u> | <u>75,443,420</u> |
| <i>Total Assets</i> | <u>46,363,180</u> | <u>45,865,901</u> | <u>92,229,081</u> |
| Deferred Outflows of Resources | <u>2,552,076</u> | <u>1,003,050</u> | <u>3,555,126</u> |
| Liabilities | | | |
| Current Liabilities | 546,294 | 747,003 | 1,293,297 |
| Long-Term Liabilities: | | | |
| Due within One Year | 1,236,640 | 1,996,000 | 3,232,640 |
| Due in more than One Year | <u>16,263,516</u> | <u>22,303,968</u> | <u>38,567,484</u> |
| <i>Total Liabilities</i> | <u>18,046,450</u> | <u>25,046,971</u> | <u>43,093,421</u> |
| Deferred Inflows of Resources | <u>1,175,345</u> | <u>251,885</u> | <u>1,427,230</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 29,995,240 | 12,654,591 | 42,649,831 |
| Restricted | 1,158,204 | 4,179,438 | 5,337,642 |
| Unrestricted | <u>(1,459,983)</u> | <u>4,736,066</u> | <u>3,276,083</u> |
| <i>Total Net Position</i> | <u>\$ 29,693,461</u> | <u>\$ 21,570,095</u> | <u>\$ 51,263,556</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Table 1 Continued
Statement of Net Position
December 31, 2019

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|---------------|
| Assets | | | |
| Current and Other Assets | \$ 1,811,660 | \$ 15,672,197 | \$ 17,483,857 |
| Capital Assets, Net | 43,540,110 | 31,894,136 | 75,434,246 |
| <i>Total Assets</i> | 45,351,770 | 47,566,333 | 92,918,103 |
| Deferred Outflows of Resources | 1,186,347 | - | 1,186,347 |
| Liabilities | | | |
| Current Liabilities | 1,010,818 | 1,008,265 | 2,019,083 |
| Long-Term Liabilities: | | | |
| Due within One Year | 1,214,313 | 1,976,000 | 3,190,313 |
| Due in more than One Year | 15,900,318 | 22,569,286 | 38,469,604 |
| <i>Total Liabilities</i> | 18,125,449 | 25,553,551 | 43,679,000 |
| Deferred Inflows of Resources | 1,449,042 | - | 1,449,042 |
| Net Position | | | |
| Net Investment in Capital Assets | 27,878,278 | 11,705,445 | 39,583,723 |
| Restricted | 695,026 | 4,515,049 | 5,210,075 |
| Unrestricted | (1,609,678) | 5,792,288 | 4,182,610 |
| <i>Total Net Position</i> | \$ 26,963,626 | \$ 22,012,782 | \$ 48,976,408 |

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Table 2
Changes in Net Position
As of December 31, 2020

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$ 1,527,659 | \$ 4,326,539 | \$ 5,854,198 |
| Operating Grants and Contributions | 233 | - | 233 |
| Capital Grants and Contributions | 320,848 | 669,587 | 990,435 |
| General Revenues | | | |
| Property Taxes | 8,820,866 | - | 8,820,866 |
| Federal Revenues | 256,063 | - | 256,063 |
| State Revenues | 903,393 | - | 903,393 |
| Other | 314,382 | 306,803 | 621,185 |
| <i>Total Revenues</i> | <u>12,143,444</u> | <u>5,302,929</u> | <u>17,446,373</u> |
| Expenses | | | |
| Program Expenses | | | |
| Park Operations | 7,072,263 | - | 7,072,263 |
| Forestry | 1,105,373 | - | 1,105,373 |
| Recreation | 544,894 | - | 544,894 |
| Interest on Long-Term Debt | 298,605 | - | 298,605 |
| King's Walk Golf Course | - | 1,276,126 | 1,276,126 |
| Lincoln Golf Course | - | 443,830 | 443,830 |
| Choice Health & Fitness Foundation | - | 4,145,188 | 4,145,188 |
| | - | 272,946 | 272,946 |
| <i>Total Expenses</i> | <u>9,021,135</u> | <u>6,138,090</u> | <u>15,159,225</u> |
| <i>Increase (Decrease) in Net Position Before Transfers</i> | 3,122,309 | (835,161) | 2,287,148 |
| Transfers | <u>(1,045,214)</u> | <u>1,045,214</u> | <u>-</u> |
| <i>Increase (Decrease) in Net Position</i> | 2,077,095 | 210,053 | 2,287,148 |
| Net Position Beginning of Year | 26,963,626 | 22,012,782 | 48,976,408 |
| Change in Accounting Method - See Note 18 | 652,740 | (652,740) | - |
| Total Net Position - Beginning, Restated | <u>27,616,366</u> | <u>21,360,042</u> | <u>48,976,408</u> |
| Net Position End of Year | <u>\$ 29,693,461</u> | <u>\$ 21,570,095</u> | <u>\$ 51,263,556</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Table 2 Continued
Changes in Net Position
As of December 31, 2019

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$ 1,111,381 | \$ 6,313,296 | \$ 7,424,677 |
| Operating Grants and Contributions | 74 | - | 74 |
| Capital Grants and Contributions | 326,045 | 69,144 | 395,189 |
| General Revenues | | | |
| Property Taxes | 8,660,127 | - | 8,660,127 |
| State Revenues | 993,704 | - | 993,704 |
| Other | 336,076 | 186,804 | 522,880 |
| <i>Total Revenues</i> | <u>11,427,407</u> | <u>6,569,244</u> | <u>17,996,651</u> |
| Expenses | | | |
| Program Expenses | | | |
| Park Operations | 7,491,590 | - | 7,491,590 |
| Forestry | 881,796 | - | 881,796 |
| Recreation | 594,699 | - | 594,699 |
| Interest on Long-Term Debt | 320,993 | - | 320,993 |
| King's Walk Golf Course | - | 1,212,025 | 1,212,025 |
| Lincoln Golf Course | - | 393,509 | 393,509 |
| Choice Health & Fitness | - | 4,303,851 | 4,303,851 |
| Foundation | - | 314,891 | 314,891 |
| <i>Total Expenses</i> | <u>9,289,078</u> | <u>6,224,276</u> | <u>15,513,354</u> |
| <i>Increase (Decrease) in Net Position Before Transfers</i> | 2,138,329 | 344,968 | 2,483,297 |
| Transfers | <u>553,029</u> | <u>(553,029)</u> | <u>-</u> |
| <i>Increase (Decrease) in Net Position</i> | <u>2,691,358</u> | <u>(208,061)</u> | <u>2,483,297</u> |
| Net Position Beginning of Year | <u>24,272,268</u> | <u>22,220,843</u> | <u>46,493,111</u> |
| Net Position End of Year | <u>\$ 26,963,626</u> | <u>\$ 22,012,782</u> | <u>\$ 48,976,408</u> |

Due to the COVID-19 pandemic and the precautions that were put in place, Choice Health & Fitness was closed from March 18, 2020 to May 17, 2020. This drastically reduced membership revenue over \$807,000 for the year. Choice Health & Fitness has a shared membership agreement with the Altru Family YMCA. Combined members for both organizations started the year with approximately 14,700 members and ended the year with approximately 10,800 members. Members are projected to increase in 2021 as people are vaccinated and feel more comfortable being in the facility. The focus in 2021 will continue to be member retention, regain the lost members, and gain new members. Starting in 2020, \$336,000 of expenses for health insurance, social security, and pension were allocated to Choice Health & Fitness. Other operating expenses were down \$471,000 from 2019 through expense controls and decreased expenses due to the closure and limitations due to COVID-19 protocols. For 2021 we will continue to evaluate current programming and look to augment with fresh offerings that will allow us to provide great customer service with the financial levels needed to support it.

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

King's Walk Golf Course was open from late April to late October in 2020. Total operating revenue increased over \$65,000 from the 2019 level. Over 26,900 rounds were played in 2020, which was up over 1,400 rounds from the 2019 season. Golfers purchasing King's Walk season memberships were again able to play Lincoln Golf Course at no extra cost and this policy will continue in 2021.

Lincoln Golf Course was open from late April to middle of October in 2020. Total operating revenue was up over \$60,500 compared to the 2019 level. Over 21,000 rounds were played in 2020, which was up over 5,000 rounds from the 2019 season. The Steve Mullally Youth Golf Course, located next to Lincoln Golf Course, was enjoyed by many families. This is a youth 9-hole golf course and is free for youth and families to play.

General Fund Budgetary Highlights

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

There were no amendments to the District's budget during the course of 2020.

Original and final budgeted revenues for the general fund in 2020 were \$8,587,500 and the actual revenues were \$8,609,812. The major factor contributing to the increase of actual revenues over budgeted revenues in 2020 was due to an unanticipated Federal aid due to COVID-19. State aid received was almost \$67,000 under budget. This decrease in state aid is directly related to a decrease in sales tax collections for the state of ND, tied to the reduction in oil production in the western part of the state and the COVID-19 pandemic. Interest received was \$66,000 under budget due to lower than planned interest rates. Due to COVID-19, many recreation programs and events were not held or had reduced season. This reduced both the revenues and expenses for these tax subsidized activities.

Original and final budgeted expenditures for the general fund in 2020 were \$7,438,300 and the actual expenditures were \$7,163,135. Actual expenditures were less than budgeted mainly due to programs and events being cancelled or modified due to COVID-19. The District also continued to prioritize maintenance items and projects as well as managers controlling expenses in their departments.

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Capital Assets

Table 3
Capital Assets at December 31, 2020
(Net of Depreciation)

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|----------------------|
| Land | \$ 4,254,623 | \$ 3,249,695 | \$ 7,504,318 |
| Land Improvements | 14,542,673 | - | 14,542,673 |
| Buildings, Systems, and Structures | 22,076,887 | 23,954,229 | 46,031,116 |
| Golf Course | - | 3,462,245 | 3,462,245 |
| Equipment | 830,602 | 294,829 | 1,125,431 |
| Vehicles | 359,233 | - | 359,233 |
| Tractors, Trailers, and Mowers | 840,938 | 394,796 | 1,235,734 |
| Construction in Progress | 1,182,670 | - | 1,182,670 |
| <i>Totals</i> | <u>\$ 44,087,626</u> | <u>\$ 31,355,794</u> | <u>\$ 75,443,420</u> |

Capital Assets at December 31, 2019
(Net of Depreciation)

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|----------------------|
| Land | \$ 4,254,623 | \$ 3,249,695 | \$ 7,504,318 |
| Land Improvements | 14,462,610 | - | 14,462,610 |
| Buildings, Systems, and Structures | 22,402,536 | 24,522,019 | 46,924,555 |
| Golf Course | - | 3,428,471 | 3,428,471 |
| Equipment | 909,627 | 364,857 | 1,274,484 |
| Vehicles | 233,867 | 1,406 | 235,273 |
| Tractors, Trailers, and Mowers | 817,039 | 327,688 | 1,144,727 |
| Construction in Progress | 459,808 | - | 459,808 |
| <i>Totals</i> | <u>\$ 43,540,110</u> | <u>\$ 31,894,136</u> | <u>\$ 75,434,246</u> |

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Long-Term Liabilities

At the end of the current fiscal year, the District had total bonded debt outstanding of \$32,556,313, contract payable of \$821,593, net pension liabilities of \$7,669,110, net other postemployment benefit liabilities of \$142,948, and compensated absences of \$610,160.

Table 4
Outstanding Liabilities at December 31, 2020

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| General Obligation Bonds | \$ 10,176,781 | \$ - | \$ 10,176,781 |
| Revenue Bonds | - | 22,379,532 | 22,379,532 |
| Contract Payable | 821,593 | - | 821,593 |
| Net Pension Liability | 6,046,141 | 1,622,969 | 7,669,110 |
| Net Other Postemployment Benefit Liability | 101,694 | 41,254 | 142,948 |
| Compensated Absences | 353,947 | 256,213 | 610,160 |
| Total | \$ 17,500,156 | \$ 24,299,968 | \$ 41,800,124 |

Outstanding Liabilities at December 31, 2019

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| General Obligation Bonds | \$ 11,112,226 | \$ - | \$ 11,112,226 |
| Revenue Bonds | - | 24,315,041 | 24,315,041 |
| Contract Payable | 917,906 | - | 917,906 |
| Net Pension Liability | 4,631,727 | - | 4,631,727 |
| Net Other Postemployment Benefit Liability | 140,040 | - | 140,040 |
| Compensated Absences | 312,732 | 230,245 | 542,977 |
| Total | \$ 17,114,631 | \$ 24,545,286 | \$ 41,659,917 |

The District's total debt increased by \$140,207 during the current fiscal year, primarily due to increases in the net pension liabilities offset by scheduled debt payments.

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Long and Short-term Goals

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

For 2021, the District will continue to expand and improve facilities to meet demand. A park at Cherry Street and 58th Avenue South will be developed and constructed. Eagles Arena will be renovated with added seating, remodeled concession area and building exterior, and improvements to restrooms, locker rooms, and arena lighting. Veterans Memorial Park will be completed and have a grand opening. The Northern Valley Law Enforcement Memorial will be constructed at Optimist Park. The second phase of the Rydell Skatepark at Kannowski Park will be constructed. Tennis court resurfacing will be completed at six outdoor courts at Altru Wellness Village along with two courts at the entrance of Lincoln Golf Course. Choice Health & Fitness will have carpet replaced in the lobby area and will tint windows on the second level of the building.

In terms of government funds, all indicators for the City of Grand Forks point to a steady growth situation. This will increase tax revenues for the government funds as the tax base along with the value of the mill increases. The revenue sharing relationship, commonly called state aid, appears to have leveled off after the rapid escalation and then regression over the last number of years. The District budgeted to slightly decrease the reserves in the government funds for 2021 to maintain the desired 15-25% reserve of budgeted expenses.

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 was greatly affected by the COVID-19 pandemic and was forced to be closed from March 18th through May 17th. Membership and programming revenues were greatly reduced but were offset by expense reductions and allowable expense cuts. Both King's Walk and Lincoln Golf Course saw increases in revenue, number of rounds played, and season memberships sold.

The success of the capital campaigns for Choice Health & Fitness, which opened in the fall of 2012, ICON Sports Center, which opened in the fall of 2014, Scheels Sports Complex, which was fully playable in 2018, and Veterans Memorial Park, which will open the summer of 2021, has taught the District that they have a great deal of opportunity to improve facilities through philanthropic means. Therefore, the District will continue to work with the Grand Forks Parks and Recreation Foundation (Foundation) to increase their donation revenue. The District's emphasis on seeking sponsorships and donations within its organization promises to boost the District's ability to meet demands for expanded services and facilities. The District also continues to expand and benefit from partnership developments, such as with Altru Health System and the Altru Family YMCA.

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020

Performance Tools and Response to Change

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

Non-Tax Funds

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

Contacting the District's Treasurer's Office

Annually the District makes available its financial reports and budget documents. The District publishes a variety of informative documents related to its operations. This financial report is designed to provide the District's citizenry with the general overview of the District's finances and show the District's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information, contact George Hellyer, Superintendent of Finance, Park District of the City of Grand Forks, 1060 47th Avenue South, Grand Forks, ND 58201.

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION
DECEMBER 31, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash | \$ 4,405,915 | \$ 3,371,439 | \$ 7,777,354 |
| Investments | - | 1,049,201 | 1,049,201 |
| Restricted Cash & Investments with Fiscal Agent | - | 1,534,823 | 1,534,823 |
| Accounts Receivable, Net | 432,979 | 41,840 | 474,819 |
| Pledges Receivable, Net | - | 4,815,203 | 4,815,203 |
| Taxes Receivable | 193,523 | - | 193,523 |
| Contract and Sponsorships Receivable | 833,087 | - | 833,087 |
| Interest Receivable | - | 6,220 | 6,220 |
| Prepaid Expenses | 50 | - | 50 |
| Inventory | - | 76,381 | 76,381 |
| Internal Balances | (3,590,000) | 3,590,000 | - |
| Nondepreciable Capital Assets | 19,979,966 | 3,249,695 | 23,229,661 |
| Depreciable Capital Assets, Net | 24,107,660 | 28,106,099 | 52,213,759 |
| Assets Held for Sale | - | 25,000 | 25,000 |
| Total Assets | 46,363,180 | 45,865,901 | 92,229,081 |
| Deferred Outflows of Resources | | | |
| Deferred Outflows of Resources - NDPERS | 2,438,232 | 989,121 | 3,427,353 |
| Deferred Outflows of Resources - Single Employer Plan | 79,508 | - | 79,508 |
| Deferred Outflows of Resources - OPEB NDPERS | 34,336 | 13,929 | 48,265 |
| Total Deferred Outflows of Resources | 2,552,076 | 1,003,050 | 3,555,126 |
| Liabilities | | | |
| Accounts Payable | 285,841 | 1,117 | 286,958 |
| Pledges Payable | - | 292,291 | 292,291 |
| Sales Tax Payable | - | 1,677 | 1,677 |
| Gift Certificates/Cards Payable | 30,967 | 74,789 | 105,756 |
| Accrued Payroll | 39,995 | 49,773 | 89,768 |
| Accrued Interest Payable | 45,932 | 82,768 | 128,700 |
| Unearned Revenue | 143,559 | 244,588 | 388,147 |
| Non Current Liabilities: | | | |
| Due Within One Year | 1,236,640 | 1,996,000 | 3,232,640 |
| Due in More than One Year | 16,263,516 | 22,303,968 | 38,567,484 |
| Total Liabilities | 18,046,450 | 25,046,971 | 43,093,421 |
| Deferred Inflows of Resources | | | |
| Deferred Inflows of Resources - NDPERS | 617,058 | 250,322 | 867,380 |
| Deferred Inflows of Resources - Single Employer Plan | 554,433 | - | 554,433 |
| Deferred Inflows of Resources - OPEB NDPERS | 3,854 | 1,563 | 5,417 |
| Total Deferred Inflows of Resources | 1,175,345 | 251,885 | 1,427,230 |
| Net Position | | | |
| Net Investment in Capital Assets | 29,995,240 | 12,654,591 | 42,649,831 |
| Restricted: Non-expendable - Endowments | - | 204,067 | 204,067 |
| Restricted for: | | | |
| Debt Service | 1,158,204 | 1,415,053 | 2,573,257 |
| Repairs and Replacement | - | 119,770 | 119,770 |
| Pledges | - | 2,440,548 | 2,440,548 |
| Unrestricted | (1,459,983) | 4,736,066 | 3,276,083 |
| Total Net Position | \$ 29,693,461 | \$ 21,570,095 | \$ 51,263,556 |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 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 |
| Governmental Activities | | | | | | | |
| Park Operations | \$ 7,072,263 | \$ 1,419,420 | \$ - | \$ 320,848 | \$ (5,331,995) | \$ - | \$ (5,331,995) |
| Forestry | 1,105,373 | 3,300 | - | - | (1,102,073) | - | (1,102,073) |
| Recreation | 544,894 | 104,939 | 233 | - | (439,722) | - | (439,722) |
| Interest on Long-Term Debt | 298,605 | - | - | - | (298,605) | - | (298,605) |
| Total Governmental Activities | <u>9,021,135</u> | <u>1,527,659</u> | <u>233</u> | <u>320,848</u> | <u>(7,172,395)</u> | <u>-</u> | <u>(7,172,395)</u> |
| Business-Type Activities | | | | | | | |
| King's Walk Golf Course | 1,276,126 | 1,273,941 | - | - | - | (2,185) | (2,185) |
| Lincoln Golf Course | 443,830 | 344,592 | - | - | - | (99,238) | (99,238) |
| Choice Health & Fitness | 4,145,188 | 2,708,006 | - | 90,714 | - | (1,346,468) | (1,346,468) |
| Foundation | 272,946 | - | - | 578,873 | - | 305,927 | 305,927 |
| Total Business- Type Activities | <u>6,138,090</u> | <u>4,326,539</u> | <u>-</u> | <u>669,587</u> | <u>-</u> | <u>(1,141,964)</u> | <u>(1,141,964)</u> |
| Total Primary Government | <u>\$ 15,159,225</u> | <u>\$ 5,854,198</u> | <u>\$ 233</u> | <u>\$ 990,435</u> | <u>(7,172,395)</u> | <u>(1,141,964)</u> | <u>(8,314,359)</u> |
| General Revenues: | | | | | | | |
| Property Taxes - General | | | | | 5,938,996 | - | 5,938,996 |
| Property Taxes - Debt Service | | | | | 1,754,140 | - | 1,754,140 |
| Property Taxes - Capital Projects | | | | | 1,127,730 | - | 1,127,730 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 1,159,456 | - | 1,159,456 |
| Investment Earnings | | | | | 108,930 | 150,530 | 259,460 |
| Miscellaneous | | | | | 203,334 | - | 203,334 |
| Gain on Sale of Capital Assets | | | | | 2,118 | 6,200 | 8,318 |
| Contributed Capital | | | | | - | 150,073 | 150,073 |
| Transfers | | | | | (1,045,214) | 1,045,214 | - |
| Total General Revenues and Transfers | | | | | <u>9,249,490</u> | <u>1,352,017</u> | <u>10,601,507</u> |
| Change in Net Position | | | | | <u>2,077,095</u> | <u>210,053</u> | <u>2,287,148</u> |
| Net Position- Beginning | | | | | 26,963,626 | 22,012,782 | 48,976,408 |
| Change in Accounting Method - See Note 18 | | | | | 652,740 | (652,740) | - |
| Total Net Position - Beginning, Restated | | | | | <u>27,616,366</u> | <u>21,360,042</u> | <u>48,976,408</u> |
| Net Position- End of Year | | | | | <u>\$ 29,693,461</u> | <u>\$ 21,570,095</u> | <u>\$ 51,263,556</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|---------------------|----------------------|--------------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 2,481,837 | \$ 1,162,592 | \$ 761,486 | \$ 4,405,915 |
| Accounts Receivable | 432,979 | - | - | 432,979 |
| Taxes Receivable | 127,333 | 41,544 | 24,646 | 193,523 |
| Contract and Sponsorships Receivable | 833,087 | - | - | 833,087 |
| Prepaid Items | 50 | - | - | 50 |
| Total Assets | <u>\$ 3,875,286</u> | <u>\$ 1,204,136</u> | <u>\$ 786,132</u> | <u>\$ 5,865,554</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 262,200 | \$ - | \$ 23,641 | \$ 285,841 |
| Advances From Other Funds | - | - | 3,590,000 | 3,590,000 |
| Gift Certificate/Cards Payable | 30,967 | - | - | 30,967 |
| Unearned Revenue | 143,559 | - | - | 143,559 |
| Accrued Payroll | 39,995 | - | - | 39,995 |
| Total Liabilities | <u>476,721</u> | <u>-</u> | <u>3,613,641</u> | <u>4,090,362</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Revenue - Property Taxes | 111,869 | 34,358 | 21,457 | 167,684 |
| Unavailable Revenue - Contracts and Sponsorships | 945,822 | - | - | 945,822 |
| Total Deferred Inflows of Resources | <u>1,057,691</u> | <u>34,358</u> | <u>21,457</u> | <u>1,113,506</u> |
| Fund Balances | | | | |
| Nonspendable For: | | | | |
| Prepaid Items | 50 | - | - | 50 |
| Restricted For: | | | | |
| Debt Service | - | 1,169,778 | - | 1,169,778 |
| Unassigned | 2,340,824 | - | (2,848,966) | (508,142) |
| Total Fund Balances | <u>2,340,874</u> | <u>1,169,778</u> | <u>(2,848,966)</u> | <u>661,686</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 3,875,286</u> | <u>\$ 1,204,136</u> | <u>\$ 786,132</u> | <u>\$ 5,865,554</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

| | | |
|---|---------------------|----------------------------|
| Total Governmental Funds Balance | \$ | 661,686 |
| 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. | | 44,087,626 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the governmental funds: | | |
| Contract and Sponsorship Receivable | \$ 945,822 | |
| Property Taxes | <u>167,684</u> | |
| Total | | 1,113,506 |
| Net deferred outflows/(inflows) of resources relating to the single employer and cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows): | | |
| Deferred Outflows of Resources - Single Employer Plan | 79,508 | |
| Deferred Outflows of Resources - NDPERS | 2,438,232 | |
| Deferred Outflows of Resources -OPEB | 34,336 | |
| Deferred Inflows of Resources - Single Employer Plan | (554,433) | |
| Deferred Inflows of Resources - NDPERS | (617,058) | |
| Deferred Inflows of Resources - OPEB | <u>(3,854)</u> | |
| Total | | 1,376,731 |
| Long-term liabilities not due and payable in the current period and therefore are not included in the governmental funds: | | |
| Accrued Interest | (45,932) | |
| Compensated Absences | (353,947) | |
| Contract Payable | (821,593) | |
| Premium on Bonds Payable | (121,781) | |
| Net Pension Liability - NDPERS | (4,000,702) | |
| Net Pension Liability - Single Employer Plan | (2,045,439) | |
| Net Other Postemployment Benefit Liability | (101,694) | |
| General Obligation Bonds | <u>(10,055,000)</u> | |
| Total | | <u>(17,546,088)</u> |
| Net Position of Governmental Activities | \$ | <u>29,693,461</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|--|---------------------|----------------------|--------------------------|--------------------------------|
| Revenues | | | | |
| Local Property Taxes | \$ 5,965,951 | \$ 1,754,140 | \$ 1,127,730 | \$ 8,847,821 |
| Federal Revenues | 256,063 | - | - | 256,063 |
| State Revenues | 903,393 | - | - | 903,393 |
| Program Income | 907,903 | - | - | 907,903 |
| Investment Earnings | 108,930 | - | - | 108,930 |
| Sponsorships | 280,731 | - | - | 280,731 |
| Donations and Grants | 233 | - | 58,364 | 58,597 |
| Miscellaneous | 186,608 | 97 | - | 186,705 |
| Total Revenues | <u>8,609,812</u> | <u>1,754,237</u> | <u>1,186,094</u> | <u>11,550,143</u> |
| Expenditures | | | | |
| Current: | | | | |
| Park Operations | 4,575,703 | - | - | 4,575,703 |
| Forestry | 1,057,385 | - | - | 1,057,385 |
| Recreation | 544,894 | - | - | 544,894 |
| Capital Outlay: | | | | |
| Capital and Betterment | 856,574 | 80,160 | 1,724,733 | 2,661,467 |
| Debt Service: | | | | |
| Principal Retirement | 96,313 | 920,000 | - | 1,016,313 |
| Interest Charges | 32,266 | 284,880 | - | 317,146 |
| Total Expenditures | <u>7,163,135</u> | <u>1,285,040</u> | <u>1,724,733</u> | <u>10,172,908</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,446,677</u> | <u>469,197</u> | <u>(538,639)</u> | <u>1,377,235</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 2,118 | - | - | 2,118 |
| Operating Transfers In | 48,582 | - | 1,561,055 | 1,609,637 |
| Operating Transfers Out | (1,907,400) | - | (747,451) | (2,654,851) |
| Total Other Financing Sources (Uses) | <u>(1,856,700)</u> | <u>-</u> | <u>813,604</u> | <u>(1,043,096)</u> |
| Net Change in Fund Balances | (410,023) | 469,197 | 274,965 | 334,139 |
| Fund Balance Beginning of Year | <u>2,750,897</u> | <u>700,581</u> | <u>(3,123,931)</u> | <u>327,547</u> |
| Fund Balance End of Year | <u>\$ 2,340,874</u> | <u>\$ 1,169,778</u> | <u>\$ (2,848,966)</u> | <u>\$ 661,686</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
RECONCILIATION OF THE CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balance - Total Governmental Funds \$ 334,139

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

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

| | | |
|---------------------------|--------------------|---------|
| Capital Asset Additions | \$ 1,834,462 | |
| Current Year Depreciation | <u>(1,286,946)</u> | |
| Total | | 547,516 |

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

| | | |
|--------------------------------------|--|----------|
| Property Taxes | | (26,955) |
| Special Assessments | | (1,619) |
| Development Agreements | | (14,520) |
| Contracts and Sponsorship Receivable | | 634,277 |

Change in deferred outflows and inflows of resources related to:

| | | |
|-----------------------|--|-----------|
| Net Pension Liability | | 1,656,041 |
| Net OPEB Liability | | 3,739 |

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 changes in long-term liabilities during the current period:

| | | |
|------------------------------------|--------------------|--|
| Accrued Interest Payable | 3,096 | |
| Amortization of Bond Premium | 15,445 | |
| Principal Payment on Bonds Payable | 920,000 | |
| Principal Payment on Notes Payable | 96,313 | |
| Change in Compensated Absences | (41,215) | |
| Change in Net OPEB Liability | (2,069) | |
| Change in Net Pension Liability | <u>(2,047,093)</u> | |

Total (1,055,523)

Change in Net Position \$ 2,077,095

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020

| | Business-Type Activities-Enterprise Funds | | | | Totals |
|---|---|------------------------|----------------------------|-------------------|---------------------|
| | King's Walk Golf Course | Lincoln Golf Course | Choice Health & Fitness | Foundation | |
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash | \$ 1,591,638 | \$ 63,131 | \$ 1,080,769 | \$ 635,901 | \$ 3,371,439 |
| Investments | - | - | - | 1,049,201 | 1,049,201 |
| Accounts Receivable (Net) | 15,627 | - | 25,813 | 400 | 41,840 |
| Due From Other Funds | - | - | 3,316,180 | - | 3,316,180 |
| Advances To Other Funds | - | - | - | 410,000 | 410,000 |
| Pledges Receivable (net) | - | - | - | 573,511 | 573,511 |
| Interest Receivable | - | - | 6,220 | - | 6,220 |
| Inventory | 71,305 | 5,076 | - | - | 76,381 |
| Total Current Assets | <u>1,678,570</u> | <u>68,207</u> | <u>4,428,982</u> | <u>2,669,013</u> | <u>8,844,772</u> |
| Non-Current Assets: | | | | | |
| Advances To Other Funds | - | - | - | 3,180,000 | 3,180,000 |
| Restricted Cash & Investments with Fiscal Agent | - | - | 1,534,823 | - | 1,534,823 |
| Assets Held for Resale | - | - | - | 25,000 | 25,000 |
| Pledges Receivable, Net of Current Portion | - | - | - | 4,241,692 | 4,241,692 |
| Capital Assets: | | | | | |
| Land | 618,820 | 21,640 | 2,609,235 | - | 3,249,695 |
| Buildings, Systems, and Structures | 2,268,676 | 1,009,959 | 26,686,858 | - | 29,965,493 |
| Golf Course | 5,703,112 | 575,580 | - | - | 6,278,692 |
| Equipment | 1,011,015 | 8,000 | 381,186 | - | 1,400,201 |
| Vehicles | 21,095 | 5,000 | - | - | 26,095 |
| Tractors, Trailers, & Mowers | 735,386 | 348,198 | - | - | 1,083,584 |
| Less Accumulated Depreciation | <u>(4,750,646)</u> | <u>(875,063)</u> | <u>(5,022,257)</u> | <u>-</u> | <u>(10,647,966)</u> |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>5,607,458</u> | <u>1,093,314</u> | <u>24,655,022</u> | <u>-</u> | <u>31,355,794</u> |
| Total Non-Current Assets | <u>5,607,458</u> | <u>1,093,314</u> | <u>26,189,845</u> | <u>7,446,692</u> | <u>40,337,309</u> |
| Total Assets | <u>7,286,028</u> | <u>1,161,521</u> | <u>30,618,827</u> | <u>10,115,705</u> | <u>49,182,081</u> |
| Deferred Outflows of Resources | | | | | |
| Deferred Outflows of Resources - NDPERS | 109,397 | 86,443 | 793,281 | - | 989,121 |
| Deferred Outflows of Resources - OPEB NDPERS | 1,541 | 1,217 | 11,171 | - | 13,929 |
| Total Deferred Outflows of Resources | <u>110,938</u> | <u>87,660</u> | <u>804,452</u> | <u>-</u> | <u>1,003,050</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
DECEMBER 31, 2020

| | Business-Type Activities-Enterprise Funds | | | | Totals |
|---|---|------------------------|----------------------------|---------------------|----------------------|
| | King's Walk Golf Course | Lincoln Golf Course | Choice Health & Fitness | Foundation | |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | \$ 995 | \$ - | \$ - | \$ 122 | \$ 1,117 |
| Sales Tax Payable | - | - | 1,677 | - | 1,677 |
| Gift Certificate/Cards Payable | 56,224 | 1,699 | 16,866 | - | 74,789 |
| Due to Other Funds | - | - | - | 3,316,180 | 3,316,180 |
| Accrued Payroll | 31,216 | 639 | 17,918 | - | 49,773 |
| Unearned Revenue | 3,390 | - | 89,537 | 151,661 | 244,588 |
| Compensated Absences | 22,360 | 2,580 | 61,060 | - | 86,000 |
| Bonds Payable | 660,000 | - | 840,000 | 410,000 | 1,910,000 |
| Pledges Payable | - | - | - | 292,291 | 292,291 |
| Accrued Interest Payable | 6,226 | - | 44,035 | 32,507 | 82,768 |
| Total Current Liabilities | <u>780,411</u> | <u>4,918</u> | <u>1,071,093</u> | <u>4,202,761</u> | <u>6,059,183</u> |
| Non-Current Liabilities: | | | | | |
| Compensated Absences, Net of Current | 35,943 | 13,596 | 120,674 | - | 170,213 |
| Bonds Payable, Net of Current | 1,178,150 | - | 16,023,053 | 3,268,329 | 20,469,532 |
| Net Pension Liability | 179,500 | 141,837 | 1,301,632 | - | 1,622,969 |
| Other Post Employment Benefit | 4,563 | 3,605 | 33,086 | - | 41,254 |
| Total Non-Current Liabilities | <u>1,398,156</u> | <u>159,038</u> | <u>17,478,445</u> | <u>3,268,329</u> | <u>22,303,968</u> |
| Total Liabilities | <u>2,178,567</u> | <u>163,956</u> | <u>18,549,538</u> | <u>7,471,090</u> | <u>28,363,151</u> |
| Deferred Inflows of Resources | | | | | |
| Deferred Inflows of Resources - NDPERS | 27,686 | 21,876 | 200,760 | - | 250,322 |
| Deferred Inflows of Resources - OPEB NDPERS | 173 | 136 | 1,254 | - | 1,563 |
| Total Deferred Inflows of Resources | <u>27,859</u> | <u>22,012</u> | <u>202,014</u> | <u>-</u> | <u>251,885</u> |
| Net Position | | | | | |
| Net Investment in Capital Assets | 3,769,308 | 1,093,314 | 7,791,969 | - | 12,654,591 |
| Restricted: Non-expendable - Endowments | - | - | - | 204,067 | 204,067 |
| Restricted for: | | | | | |
| Debt Service | - | - | 1,415,053 | - | 1,415,053 |
| Repairs and Replacement | - | - | 119,770 | - | 119,770 |
| Pledges | - | - | - | 2,440,548 | 2,440,548 |
| Unrestricted | 1,421,232 | (30,101) | 3,344,935 | - | 4,736,066 |
| Total Net Position | <u>\$ 5,190,540</u> | <u>\$ 1,063,213</u> | <u>\$ 12,671,727</u> | <u>\$ 2,644,615</u> | <u>\$ 21,570,095</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Business-Type Activities - Enterprise Funds | | | | Totals |
|---|---|------------------------|----------------------------|---------------------|----------------------|
| | King's Walk Golf Course | Lincoln Golf Course | Choice Health & Fitness | Foundation | |
| Operating Revenues: | | | | | |
| Charges for Sales and Services: | | | | | |
| Sales | \$ 1,273,941 | \$ 344,592 | \$ 2,708,006 | \$ - | \$ 4,326,539 |
| Donations/Sponsorships | - | - | - | 578,873 | 578,873 |
| Total Operating Revenues | <u>1,273,941</u> | <u>344,592</u> | <u>2,708,006</u> | <u>578,873</u> | <u>4,905,412</u> |
| Operating Expenses: | | | | | |
| Costs of Sales and Services | 477,233 | 205,183 | 1,604,677 | 140,545 | 2,427,638 |
| Administration | 506,390 | 171,418 | 1,389,684 | - | 2,067,492 |
| Total Operating Expenses | <u>983,623</u> | <u>376,601</u> | <u>2,994,361</u> | <u>140,545</u> | <u>4,495,130</u> |
| Operating Income (Loss) before Depreciation | <u>290,318</u> | <u>(32,009)</u> | <u>(286,355)</u> | <u>438,328</u> | <u>410,282</u> |
| Depreciation and Amortization | <u>258,116</u> | <u>67,229</u> | <u>609,105</u> | <u>-</u> | <u>934,450</u> |
| Operating Income (Loss) | <u>32,202</u> | <u>(99,238)</u> | <u>(895,460)</u> | <u>438,328</u> | <u>(524,168)</u> |
| Non-Operating Revenues (Expenses): | | | | | |
| Donations/Sponsorships | - | - | 90,714 | - | 90,714 |
| Contributed Capital | 150,073 | - | - | - | 150,073 |
| Interest Income | - | - | 54,040 | 96,490 | 150,530 |
| Gain on Disposal of Fixed Assets | 6,200 | - | - | - | 6,200 |
| Bond Interest Expense | <u>(34,387)</u> | <u>-</u> | <u>(541,722)</u> | <u>(132,401)</u> | <u>(708,510)</u> |
| Total Non-Operating Revenue (Expenses) | <u>121,886</u> | <u>-</u> | <u>(396,968)</u> | <u>(35,911)</u> | <u>(310,993)</u> |
| Income (Loss) Before Transfers | <u>154,088</u> | <u>(99,238)</u> | <u>(1,292,428)</u> | <u>402,417</u> | <u>(835,161)</u> |
| Transfers In | 419,600 | 81,800 | 1,320,000 | 245,812 | 2,067,212 |
| Transfers Out | - | - | - | (1,021,998) | (1,021,998) |
| Total Transfers | <u>419,600</u> | <u>81,800</u> | <u>1,320,000</u> | <u>(776,186)</u> | <u>1,045,214</u> |
| Changes in Net Position | 573,688 | (17,438) | 27,572 | (373,769) | 210,053 |
| Total Net Position - Beginning | 4,689,045 | 1,137,696 | 13,167,657 | 3,018,384 | 22,012,782 |
| Change in Accounting Method - See Note 18 | <u>(72,193)</u> | <u>(57,045)</u> | <u>(523,502)</u> | <u>-</u> | <u>(652,740)</u> |
| Total Net Position - Beginning, Restated | <u>4,616,852</u> | <u>1,080,651</u> | <u>12,644,155</u> | <u>3,018,384</u> | <u>21,360,042</u> |
| Total Net Position - Ending | <u>\$ 5,190,540</u> | <u>\$ 1,063,213</u> | <u>\$ 12,671,727</u> | <u>\$ 2,644,615</u> | <u>\$ 21,570,095</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Business-Type Activities - Enterprise Funds | | | | |
|--|---|-------------------|---------------------|---------------------|---------------------|
| | King's Walk | Lincoln | Choice Health | Foundation | Totals |
| | Golf Course | Golf Course | & Fitness | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers and Users | \$ 1,297,949 | \$ 344,501 | \$ 2,723,535 | \$ 1,025,815 | \$ 5,391,800 |
| Payments to Suppliers | (490,943) | (202,556) | (1,617,677) | (107,100) | (2,418,276) |
| Payments to Employees | (466,266) | (146,926) | (1,224,381) | - | (1,837,573) |
| Net Cash Provided (Used) by Operating Activities | <u>340,740</u> | <u>(4,981)</u> | <u>(118,523)</u> | <u>918,715</u> | <u>1,135,951</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Due from other Funds | - | - | 338,126 | - | 338,126 |
| Due to other Funds | - | - | - | (338,126) | (338,126) |
| Transfers from other Funds | 419,600 | 81,800 | 1,320,000 | 245,812 | 2,067,212 |
| Transfer to other Funds | - | - | - | (1,021,998) | (1,021,998) |
| Net Cash Provided (Used) by Non-Capital and Related Financing Activities | <u>419,600</u> | <u>81,800</u> | <u>1,658,126</u> | <u>(1,114,312)</u> | <u>1,045,214</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Principal Paid on Bonds Payable | (645,000) | - | (820,000) | (440,000) | (1,905,000) |
| Proceeds from Advances To Other Funds | - | - | - | 440,000 | 440,000 |
| Capital Donations | - | - | 90,714 | - | 90,714 |
| Proceeds from Sale of Capital Assets | 6,200 | - | - | - | 6,200 |
| Purchases of Capital Assets | (116,647) | (55,867) | (73,520) | - | (246,034) |
| Interest Paid on Capital Debt | (49,816) | - | (553,026) | (143,456) | (746,298) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(805,263)</u> | <u>(55,867)</u> | <u>(1,355,832)</u> | <u>(143,456)</u> | <u>(2,360,418)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest and Dividends Received | - | - | 55,169 | 96,490 | 151,659 |
| Net Cash Provided (Used) by Capital Investing Activities | <u>-</u> | <u>-</u> | <u>55,169</u> | <u>96,490</u> | <u>151,659</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (44,923) | 20,952 | 238,940 | (242,563) | (27,594) |
| Cash and Investments, January 1 | 1,636,561 | 42,179 | 2,376,652 | 1,927,665 | 5,983,057 |
| Cash and Investments, December 31 | <u>\$ 1,591,638</u> | <u>\$ 63,131</u> | <u>\$ 2,615,592</u> | <u>\$ 1,685,102</u> | <u>\$ 5,955,463</u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ 32,202 | \$ (99,238) | \$ (895,460) | \$ 438,328 | \$ (524,168) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation and Amortization Expense | 258,116 | 67,229 | 609,105 | - | 934,450 |
| Effects on Operating Cash Flows Due to Changes in: | | | | | |
| Accounts Receivable | 5,609 | - | 18,811 | (243) | 24,177 |
| Pledges Receivable | - | - | - | 561,518 | 561,518 |
| Assets held for Resale | - | - | - | 25,000 | 25,000 |
| Inventories | (14,705) | 2,627 | - | - | (12,078) |
| Deferred Pension/OPEB Outflows | (73,071) | (57,739) | (529,865) | - | (660,675) |
| Accounts Payable | 995 | - | (8,276) | 56 | (7,225) |
| Gift Certificate/Cards Payable | 15,009 | (91) | (3,282) | - | 11,636 |
| Accrued Payroll | 7,140 | (1,711) | (61,796) | - | (56,367) |
| Pledges Payable | - | - | - | 33,389 | 33,389 |
| Compensated Absences | 4,193 | 3,454 | 18,321 | - | 25,968 |
| Net Pension/OPEB Liability | 109,619 | 86,618 | 794,892 | - | 991,129 |
| Deferred Pension/OPEB Inflows | (7,757) | (6,130) | (56,249) | - | (70,136) |
| Unearned Revenue | 3,390 | - | (4,724) | (139,333) | (140,667) |
| Total Adjustments | <u>308,538</u> | <u>94,257</u> | <u>776,937</u> | <u>480,387</u> | <u>1,660,119</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 340,740</u> | <u>\$ (4,981)</u> | <u>\$ (118,523)</u> | <u>\$ 918,715</u> | <u>\$ 1,135,951</u> |
| Non-Cash Transactions | | | | | |
| Contributed Capital Assets | \$ 150,073 | \$ - | \$ - | \$ - | \$ 150,073 |
| Reconciliation of Cash and Investments | | | | | |
| Cash | \$ 1,591,638 | \$ 63,131 | \$ 1,080,769 | \$ 635,901 | \$ 3,371,439 |
| Investments | - | - | - | 1,049,201 | 1,049,201 |
| Restricted Cash | - | - | 1,534,823 | - | 1,534,823 |
| | <u>\$ 1,591,638</u> | <u>\$ 63,131</u> | <u>\$ 2,615,592</u> | <u>\$ 1,685,102</u> | <u>\$ 5,955,463</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

| | Pension <u>Trust Fund</u> |
|--|------------------------------|
| ASSETS | |
| Investments, at Fair Value: | |
| Cash and Investment Funds | <u>\$ 8,550,401</u> |
| Total Assets | <u>\$ 8,550,401</u> |
| NET POSITION | |
| Held in Trust for Pension Benefits and Other Purposes | <u>\$ 8,550,401</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Pension Trust Fund</u> |
|---|-------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 402,000 |
| Plan Members | <u>67,433</u> |
| Total Contributions | <u>469,433</u> |
| Investment Earnings: | |
| Investment Income | 466,870 |
| Net Change in the Fair Value of Investments | 477,293 |
| Administrative Expenses | <u>(29,084)</u> |
| Net Investment Earnings | <u>915,079</u> |
| Total Additions | <u>1,384,512</u> |
| DEDUCTIONS | |
| Benefits Paid | <u>464,059</u> |
| Total Deductions | <u>464,059</u> |
| Change in Net Position | 920,453 |
| Net Position - Beginning | <u>7,629,948</u> |
| Net Position - Ending | <u>\$ 8,550,401</u> |

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Park District of the City of Grand Forks (District) operates with its Board of Commissioners elected at large, authorized to levy taxes, issue debt, budget, and designate management. The District provides the following services: parks, 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), a separate legal entity, of the Grand Forks Park District meets the criteria and is included as a blended 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 THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus/Basis of Accounting

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

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

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.

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Additionally, the District reports the following fiduciary fund type:

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

D. Budgetary Data

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

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

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

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

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

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

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

E. Cash

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

F. Fair Value Measurements

The District accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements.

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

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

G. Receivables and Payables

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Inventory

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

I. Capital Assets

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

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

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 are depreciated using the straight-line method over the following estimated useful lives:

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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

J. Property Taxes

Property tax levies are set by the Board of Commissioners in October each year and are certified to Grand Forks County for collection in the following year. In North Dakota, counties act as collection agents for all property tax. Taxes are remitted monthly to the District.

The County spreads all levies over taxable property. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date.

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

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

K. Compensated Absences

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

L. Long-Term Obligations

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

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

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Fund Balance

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

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

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

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

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

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

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

O. Net Position

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

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

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.

P. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The District has two items reported on the statement of net position as Deferred Outflows of Resources which represents actuarial differences within OPEB and NDPERS Pension Plan as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, *unavailable revenue - property taxes*, *unavailable revenue - special assessments*, *unavailable revenue - development agreements*, and *unavailable revenue - contracts and sponsorships* are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has three items reported on the statement of net position as Deferred Inflows of Resources which represents actuarial differences within OPEB, NDPERS Pension Plan, and Single Employer Pension Plan.

R. Sales Taxes

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

S. Pensions

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

T. NDPERS - Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of NDPERS and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

U. Unearned Revenue

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

V. Pledge Receivable

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

W. Assets Held for Sale

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

X. Income Taxes

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

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

NOTE 2 CASH

A. Deposits

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

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

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

At December 31, 2020, the carrying amount of the District's bank deposits was \$7,777,354 and the bank balance was \$8,254,275, of which all was covered by Federal Depository Insurance or collateral held in safekeeping in the District's name. In addition, there is \$1,534,823 held with fiscal agent as

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

restricted cash for bond covenants. The balance consists entirely of cash. The cash is held at the Bank of New York Mellon and is covered by FDIC coverage.

B. Investments

As of December 31, 2020, \$8,473,688 of the District's pension trust funds were invested with the North Dakota State Investment Board and \$76,713 of the pension trust funds were invested with Aetna Life Insurance Company. Both the North Dakota State Investment Board and Aetna Life Insurance Company are external investment pools.

As of December 31, 2020, the District, through the Foundation, had the following investments:

| Investment Type | Quoted Prices in Active Markets for Identical Assets (Level 1) |
|------------------------------|--|
| Equity Securities: | |
| Basic Materials | \$ 2,834 |
| Consumer Cyclical | 20,896 |
| Consumer Non-Cyclical | 7,089 |
| Energy | 3,752 |
| Financial | 16,605 |
| Health Care | 17,365 |
| Industrials | 12,169 |
| Mutual Fund - Equity | 117,127 |
| Mutual Funds - International | 77,912 |
| Technology | 46,015 |
| Telecommunications | 1,565 |
| Utility | 3,121 |
| Mutual Funds | 294,402 |
| Total | \$ 620,852 |

The remaining \$428,349 of investments are invested in Certificates of Deposits.

Investments – Pension Funds

All investments of the fund are deposited with the North Dakota State Investment Board (NDSIB). The District is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments. The investment goals are viewed over the long term. The District recognized the plan's performance objectives, benefit projections, and capital market expectation when it determined the asset allocation. The NDSIB is responsible for managing the plan's investments in accordance with the investment policy.

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------|--------------|--------------|---------|--------------|
| Global Equities | \$ 4,643,142 | \$ - | \$ - | \$ 4,643,142 |
| Global Fixed Income | - | 2,148,092 | - | 2,148,092 |
| | \$ 4,643,142 | \$ 2,148,092 | \$ - | \$ 6,791,234 |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Investments measured at the net asset value (NAV):

| | |
|---------------------------|-------------------------|
| Pension Investments: | |
| Real Assets NAV: | \$ 1,661,665 |
| Redemption Frequency: | Quarterly, Not Eligible |
| Redemption Notice Period: | 30-90 days |

The remaining \$97,502 of the pension investments were cash deposits.

Permitted Investments for Restricted Investments

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

- a) Governmental Obligations;
- b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): U.S. Export-Import Bank (Eximbank), as to direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration, as to participation certificates; U.S. Maritime Administration, as to Guaranteed Title XI financing; and U.S. Department of Housing and Urban Development (HUD), as to project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, and U.S. public housing notes and bonds (as to U.S. government guaranteed public housing notes and bonds);
- c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies of the United States of America (non-full faith and credit agencies, and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): Federal Home Loan Bank System, as to senior debt obligations; Student Loan Marketing Association (SLMA or "Sallie Mae"), as to senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System, as to consolidated system-wide bonds and notes;
- d) direct and general obligations or of bonds or notes issued by, any state of the United States of America or any municipality or political subdivision of any such state, which obligations are rated in one of the two highest rating categories of either S&P or Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;
- e) commercial paper which matures not more than two hundred seventy (270) days after the date of purchase rated, at the time of purchase in the single highest classification, "A-I+" by S&P or "P-I" by Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;
- f) certificates of deposit secured at all times by collateral described in (a) and/or (b) above; provided that such certificates must be issued by commercial banks, savings and loan or mutual savings banks. Such collateral must be held by a third party and the owner must have a perfected security interest in the collateral, including those of the Trustee and its affiliates;
- g) certificates of deposit, savings accounts or deposit account which is fully insured by FDIC, including those of the Trustee and its affiliates;
- h) Investment Agreements, including guaranteed investment contracts entered into with a provider which has an unsecured, uninsured and unguaranteed obligation rating of "Prime -1" or "A3" or better by Moody's and "A-I" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;
- i) obligations of any state of the United States, any political subdivision thereof or any agency or instrumentality thereof, if such obligations are secured by Governmental Obligations the principal of

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

and interest on which will be sufficient to pay when due the principal and interest on such obligations;

- j) shares or certificates in any short-term investment fund which is maintained by the Trustee and which fund invests solely in Governmental Obligations;
- k) federal funds or bankers acceptances with a maximum term of one (1) year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1 " or "A3" or better by Moody's and "A-1" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee; and
- l) deposits of the Bank of North Dakota which, as provided by Section 6-09-10 of the North Dakota Century Code, are guaranteed by the State.

Interest Rate Risk

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

Credit Risk

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

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

Concentration of Credit Risk

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

| | Balance 01/01/20 | Additions | Deletions | Transfers/ Adjustments | Balance 12/31/20 |
|---|----------------------|--------------------|-----------------|---------------------------|----------------------|
| Governmental Activities | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 4,254,623 | \$ - | \$ - | \$ - | \$ 4,254,623 |
| Land Improvements | 14,462,610 | 80,063 | - | - | 14,542,673 |
| Construction in Progress | <u>459,808</u> | <u>1,182,670</u> | - | <u>(459,808)</u> | <u>1,182,670</u> |
| Total Capital Assets Not Being Depreciated | <u>19,177,041</u> | <u>1,262,733</u> | - | <u>(459,808)</u> | <u>19,979,966</u> |
| Capital Assets Being Depreciated: | | | | | |
| Buildings, Systems, and Structures | 35,831,110 | 148,262 | - | 459,808 | 36,439,180 |
| Equipment | 2,447,370 | 31,163 | - | - | 2,478,533 |
| Vehicles | 1,139,095 | 229,078 | (21,614) | - | 1,346,559 |
| Tractors, Trailers, and Mowers | <u>1,633,704</u> | <u>163,226</u> | - | - | <u>1,796,930</u> |
| Total Capital Assets Being Depreciated | <u>41,051,279</u> | <u>571,729</u> | <u>(21,614)</u> | <u>459,808</u> | <u>42,061,202</u> |
| Less Accumulated Depreciation: | | | | | |
| Buildings, Systems, and Structures | (13,428,574) | (933,719) | - | - | (14,362,293) |
| Equipment | (1,537,743) | (110,188) | - | - | (1,647,931) |
| Vehicles | (905,228) | (103,712) | 21,614 | - | (987,326) |
| Tractors, Trailers, and Mowers | <u>(816,665)</u> | <u>(139,327)</u> | - | - | <u>(955,992)</u> |
| Total Accumulated Depreciation | <u>(16,688,210)</u> | <u>(1,286,946)</u> | <u>21,614</u> | - | <u>(17,953,542)</u> |
| Total Capital Assets Being Depreciated, Net | <u>24,363,069</u> | <u>(715,217)</u> | - | <u>459,808</u> | <u>24,107,660</u> |
| Governmental Capital Assets, Net | <u>\$ 43,540,110</u> | <u>\$ 547,516</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 44,087,626</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

| | Balance 01/01/20 | Additions | Deletions | Transfers/ Adjustments | Balance 12/31/20 |
|--|----------------------|---------------------|-----------------|---------------------------|----------------------|
| Business-Type Activities | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 3,249,695 | \$ - | \$ - | \$ - | \$ 3,249,695 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings, Systems, and Structures | 29,894,736 | 70,757 | - | - | 29,965,493 |
| Golf Course | 6,113,719 | 164,973 | - | - | 6,278,692 |
| Equipment | 1,392,237 | 7,964 | - | - | 1,400,201 |
| Vehicles | 26,095 | - | - | - | 26,095 |
| Tractors, Trailers, and Mowers | 988,666 | 152,414 | (57,497) | - | 1,083,583 |
| Total Capital Assets Being Depreciated | <u>38,415,453</u> | <u>396,108</u> | <u>(57,497)</u> | <u>-</u> | <u>38,754,064</u> |
| Less Accumulated Depreciation: | | | | | |
| Buildings, Systems, and Structures | (5,372,717) | (638,547) | - | - | (6,011,264) |
| Golf Course | (2,685,248) | (131,199) | - | - | (2,816,447) |
| Equipment | (1,027,380) | (77,992) | - | - | (1,105,372) |
| Vehicles | (24,689) | (1,406) | - | - | (26,095) |
| Tractors, Trailers, and Mowers | (660,978) | (85,306) | 57,497 | - | (688,787) |
| Total Accumulated Depreciation | <u>(9,771,012)</u> | <u>(934,450)</u> | <u>57,497</u> | <u>-</u> | <u>(10,647,965)</u> |
| Total Capital Assets Being Depreciated, Net | <u>28,644,441</u> | <u>(538,342)</u> | <u>-</u> | <u>-</u> | <u>28,106,099</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 31,894,136</u> | <u>\$ (538,342)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,355,794</u> |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| Park Operations | \$ 1,238,958 |
| Forestry | 47,988 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,286,946</u> |
| Business-Type Activities: | |
| King's Walk Golf Course | \$ 258,116 |
| Lincoln Golf Course | 67,229 |
| Choice Health & Fitness | 609,105 |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 934,450</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 4 CONTRACT AND SPONSORSHIPS RECEIVABLE

Annually the District enters into contracts with various sponsors for advertising within the Park District locations. Contract and sponsorships receivable will be received in periodic installments in accordance with the individual contracts through December 31, 2025 as follows:

| | | |
|------|----|----------------|
| 2021 | \$ | 252,630 |
| 2022 | | 208,681 |
| 2023 | | 199,443 |
| 2024 | | 166,433 |
| 2025 | | <u>5,900</u> |
| | \$ | <u>833,087</u> |

NOTE 5 PLEDGES RECEIVABLE

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

| | | |
|------------------------------------|----|------------------|
| Receivable in less than one year | \$ | 573,511 |
| Receivable in one to five years | | 1,644,782 |
| Receivable in more than five years | | <u>2,596,910</u> |
| | \$ | <u>4,815,203</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 \$1,577,662 at December 31, 2020.

Management estimates an allowance for uncollectible pledges to be \$211,373 at December 31, 2020.

The Foundation owes other organizations \$422 at December 31, 2020 for donations received but not yet remitted to the other organizations.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 6 LONG-TERM DEBT

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

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

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

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

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 the lease agreements.

| | <u>Date of Issue</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance 12/31/20</u> |
|---|----------------------|------------------------|----------------------|----------------------|-------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Refunding Improvement Bonds, Series 2011 | 12/1/2011 | \$ 4,500,000 | 2.00%-3.75% | 5/1/2037 | \$ 3,150,000 |
| Refunding Improvement Bonds, Series 2013A | 12/12/2013 | 1,985,000 | 2.00%-4.00% | 5/1/2033 | 1,460,000 |
| Special Assessment Prepayment Bonds, Series 2014A | 1/7/2014 | 3,065,000 | 2.00%-3.25% | 5/1/2028 | 1,875,000 |
| Refunding Improvement Bonds, Series 2016 | 5/26/2016 | 2,025,000 | 2.00%-2.25% | 5/1/2031 | 1,540,000 |
| Refunding Improvement Bonds, Series 2017A | 2/9/2017 | 3,215,000 | 2.00%-2.50% | 5/1/2026 | 2,030,000 |
| Contracts Payable - ICON Holdings, LLC | 9/2/2014 | 716,750 | 4.50% | 12/31/2024 | 325,606 |
| Contracts Payable - City of Grand Forks | 6/6/2017 | <u>590,461</u> | 3.00% | 12/31/2041 | <u>495,987</u> |
| Total Governmental Activities | | <u>\$ 16,097,211</u> | | | <u>\$ 10,876,593</u> |

| | <u>Date of Issue</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance 12/31/20</u> |
|--|----------------------|------------------------|----------------------|----------------------|-------------------------|
| <u>Business-Type Activities:</u> | | | | | |
| Refunding Improvement Bonds, Series 2009C | 9/3/2009 | \$ 485,000 | 1.20%-4.00% | 12/1/2021 | \$ 50,000 |
| Taxable Refunding Improvement Bonds, Series 2009D | 9/3/2009 | 510,000 | 2.25%-5.40% | 12/1/2021 | 55,000 |
| Lease Revenue Bonds, Series 2013B | 12/12/2013 | 6,845,000 | 3.00%-4.25% | 10/1/2033 | 3,590,000 |
| Refunding Improvement Bonds, Series 2014B | 2/26/2014 | 4,820,000 | 2.00%-2.15% | 5/1/2023 | 1,700,000 |
| Wellness Center Revenue Refunding Bonds, Series 2015 | 4/28/2015 | <u>20,975,000</u> | 2.00%-3.50% | 12/1/2036 | <u>16,715,000</u> |
| Total Business-Type Activities | | <u>\$ 33,635,000</u> | | | <u>\$ 22,110,000</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Pledged Revenues

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

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

| Year Ending December 31, | Governmental Activities | | | | | |
|-----------------------------|---|-------------------|--|-------------------|--|-------------------|
| | Refunding Improvement Bonds, Series 2011 | | Refunding Improvement Bonds, Series 2013A | | Special Assessment Prepayment Bonds, Series 2014A | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 185,000 | \$ 94,442 | \$ 95,000 | \$ 45,766 | \$ 215,000 | \$ 50,024 |
| 2022 | 190,000 | 90,035 | 95,000 | 43,628 | 220,000 | 45,130 |
| 2023 | 195,000 | 85,317 | 100,000 | 41,190 | 225,000 | 39,730 |
| 2024 | 200,000 | 80,230 | 100,000 | 38,690 | 230,000 | 33,815 |
| 2025 | 205,000 | 74,863 | 105,000 | 35,865 | 235,000 | 27,300 |
| 2026-2030 | 890,000 | 291,776 | 575,000 | 127,705 | 750,000 | 36,913 |
| 2031-2035 | 885,000 | 155,316 | 390,000 | 23,800 | - | - |
| 2036-2040 | 400,000 | 15,188 | - | - | - | - |
| 2041 | - | - | - | - | - | - |
| | <u>\$ 3,150,000</u> | <u>\$ 887,167</u> | <u>\$ 1,460,000</u> | <u>\$ 356,644</u> | <u>\$ 1,875,000</u> | <u>\$ 232,911</u> |

| Year Ending December 31, | Governmental Activities | | | | | |
|-----------------------------|---|-------------------|--|-------------------|---|------------------|
| | Refunding Improvement Bonds, Series 2016 | | Refunding Improvement Bonds, Series 2017A | | ICON Holdings, LLC Contracts Payable | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 125,000 | \$ 30,312 | \$ 320,000 | \$ 44,700 | \$ 76,022 | \$ 13,381 |
| 2022 | 130,000 | 27,762 | 325,000 | 37,444 | 79,501 | 9,902 |
| 2023 | 130,000 | 25,162 | 335,000 | 30,018 | 83,139 | 6,264 |
| 2024 | 135,000 | 22,512 | 340,000 | 22,000 | 86,944 | 2,459 |
| 2025 | 135,000 | 19,812 | 350,000 | 13,375 | - | - |
| 2026-2030 | 730,000 | 56,124 | 360,000 | 4,500 | - | - |
| 2031-2035 | 155,000 | 1,747 | - | - | - | - |
| 2036-2040 | - | - | - | - | - | - |
| 2041 | - | - | - | - | - | - |
| | <u>\$ 1,540,000</u> | <u>\$ 183,431</u> | <u>\$ 2,030,000</u> | <u>\$ 152,037</u> | <u>\$ 325,606</u> | <u>\$ 32,006</u> |

| Year Ending December 31, | Governmental Activities | | | |
|-----------------------------|--------------------------------|-------------------|----------------------|---------------------|
| | City of Grand Forks | | | |
| | Contracts Payable | | Total | |
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 23,618 | \$ 14,880 | \$ 1,039,640 | \$ 293,505 |
| 2022 | 23,618 | 14,171 | 1,063,119 | 268,072 |
| 2023 | 23,618 | 13,463 | 1,091,757 | 241,144 |
| 2024 | 23,618 | 12,754 | 1,115,562 | 212,460 |
| 2025 | 23,618 | 12,045 | 1,053,618 | 183,260 |
| 2026-2030 | 118,090 | 49,599 | 3,423,090 | 566,617 |
| 2031-2035 | 118,090 | 31,884 | 1,548,090 | 212,747 |
| 2036-2040 | 118,090 | 14,171 | 518,090 | 29,359 |
| 2041 | 23,627 | 708 | 23,627 | 708 |
| | <u>\$ 495,987</u> | <u>\$ 163,675</u> | <u>\$ 10,876,593</u> | <u>\$ 2,007,871</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Business-Type Activities

| Year Ending December 31, | Refunding Improvement Bonds, Series 2009C | | Refunding Improvement Bonds, Series 2009D | | Lease Revenue Bonds, Series 2013B | |
|-----------------------------|--|-----------------|--|-----------------|--------------------------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2021 | \$ 50,000 | \$ 2,000 | \$ 55,000 | \$ 2,970 | \$ 410,000 |
| 2022 | - | - | - | - | 420,000 | 117,726 |
| 2023 | - | - | - | - | 390,000 | 105,126 |
| 2024 | - | - | - | - | 200,000 | 93,426 |
| 2025 | - | - | - | - | 205,000 | 87,176 |
| 2026-2030 | - | - | - | - | 1,155,000 | 314,434 |
| 2031-2035 | - | - | - | - | 810,000 | 69,572 |
| 2036 | - | - | - | - | - | - |
| | <u>\$ 50,000</u> | <u>\$ 2,000</u> | <u>\$ 55,000</u> | <u>\$ 2,970</u> | <u>\$ 3,590,000</u> | <u>\$ 917,486</u> |

Business-Type Activities

| Year Ending December 31, | Refunding Improvement Bonds, Series 2014B | | Wellness Center Revenue Refunding Bonds, Series 2015 | | Total | |
|-----------------------------|--|------------------|---|---------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2021 | \$ 555,000 | \$ 29,320 | \$ 840,000 | \$ 528,425 | \$ 1,910,000 |
| 2022 | 565,000 | 18,120 | 865,000 | 503,225 | 1,850,000 | 639,071 |
| 2023 | 580,000 | 6,235 | 890,000 | 477,275 | 1,860,000 | 588,636 |
| 2024 | - | - | 915,000 | 450,575 | 1,115,000 | 544,001 |
| 2025 | - | - | 940,000 | 423,125 | 1,145,000 | 510,301 |
| 2026-2030 | - | - | 5,110,000 | 1,675,975 | 6,265,000 | 1,990,409 |
| 2031-2035 | - | - | 5,870,000 | 826,794 | 6,680,000 | 896,366 |
| 2036 | - | - | 1,285,000 | 44,975 | 1,285,000 | 44,975 |
| | <u>\$ 1,700,000</u> | <u>\$ 53,675</u> | <u>\$ 16,715,000</u> | <u>\$ 4,930,369</u> | <u>\$ 22,110,000</u> | <u>\$ 5,906,500</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

| | <u>Balance 1/1/2020</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance 12/31/2020</u> | <u>Due Within One Year</u> |
|---|-----------------------------|-------------------------|---------------------------|-------------------------------|--------------------------------|
| <i>Governmental Activities:</i> | | | | | |
| Bonds Payable: | | | | | |
| Bonds | \$ 10,975,000 | \$ - | \$ (920,000) | \$ 10,055,000 | \$ 940,000 |
| Unamortized Bond Premium | 137,226 | - | (15,445) | 121,781 | - |
| Contract Payable | 917,906 | - | (96,313) | 821,593 | 99,640 |
| Net Pension Liability: | | | | | |
| Single Employer Plan | 2,439,459 | - | (394,020) | 2,045,439 | - |
| NDPERS - Restated | 1,559,588 | 2,441,114 | - | 4,000,702 | - |
| Net OPEB Liability - Restated | 99,625 | 2,069 | - | 101,694 | - |
| Compensated Absences | <u>312,732</u> | <u>238,072</u> | <u>(196,857)</u> | <u>353,947</u> | <u>197,000</u> |
| Governmental Activities Long-Term Liabilities | <u>\$ 16,441,536</u> | <u>\$ 2,681,255</u> | <u>\$ (1,622,635)</u> | <u>\$ 17,500,156</u> | <u>\$ 1,236,640</u> |
| <i>Business Type Activities:</i> | | | | | |
| Bonds Payable: | | | | | |
| Revenue Bonds | \$ 24,015,000 | \$ - | \$ (1,905,000) | \$ 22,110,000 | \$ 1,910,000 |
| Unamortized Bond Premium | 301,530 | - | (31,287) | 270,243 | - |
| Unamortized Bond Discount | (1,489) | - | 778 | (711) | - |
| Net Pension Liability: | | | | | |
| NDPERS - Restated | 632,680 | 990,289 | - | 1,622,969 | - |
| Net OPEB Liability - Restated | 40,415 | 839 | - | 41,254 | - |
| Compensated Absences | <u>230,245</u> | <u>112,253</u> | <u>(86,285)</u> | <u>256,213</u> | <u>86,000</u> |
| Business-Type Activities Long-Term Liabilities | <u>\$ 25,218,381</u> | <u>\$ 1,103,381</u> | <u>\$ (2,021,794)</u> | <u>\$ 24,299,968</u> | <u>\$ 1,996,000</u> |

State statutes limit the amount of general obligation indebtedness that is supported by tax levies; the District may issue to one percent or less of the total assessed valuation of taxable property. The current value of the District's indebtedness is 0.45% of the total assessed value of taxable property.

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

NOTE 7 RESTRICTED RESERVES

Wellness Center Revenue Refunding Bond, Series 2015 requires a reserve for future repairs and replacements. The Bond also requires reserve amounts based on future debt requirements. As of December 31, 2020, the reserve account was properly funded with an ending balance of \$1,534,823.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2020, is as follows:

Due from / to other funds:

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> |
|-------------------------|----------------|---------------|
| Choice Health & Fitness | Foundation | \$ 3,316,180 |

The interfund balance between Choice Health & Fitness and the Foundation relates to pledges within the Foundation that will be paid to Choice Health & Fitness once they are collected.

Advances to / from:

| <u>Advances From</u> | <u>Advances To</u> | <u>Amount</u> |
|----------------------|-----------------------|---------------|
| Foundation | Capital Projects Fund | \$ 3,590,000 |

The Foundation issued Lease Revenue Bonds, Series 2009 and Series 2013B, to provide permanent financing for improvements at the District facilities. The debt service will be paid by the Foundation from transfers from the Capital Projects Fund. The future payments and receipts for the advances are as follows:

| Year Ending | <u>Principal</u> | <u>Interest</u> |
|---------------------|---------------------|-------------------|
| <u>December 31,</u> | | |
| 2021 | \$ 410,000 | \$ 130,026 |
| 2022 | 420,000 | 117,726 |
| 2023 | 390,000 | 105,126 |
| 2024 | 200,000 | 93,426 |
| 2025 | 205,000 | 87,176 |
| 2026-2030 | 1,155,000 | 314,434 |
| 2031-2033 | 810,000 | 69,572 |
| | <u>\$ 3,590,000</u> | <u>\$ 917,486</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Interfund transfers were as follows:

| Fund | Transfer In | Transfer Out |
|-------------------------|---------------------|---------------------|
| General Fund | \$ 48,582 | \$ 1,907,400 |
| Capital Projects Fund | 1,561,055 | 747,451 |
| Lincoln Golf Course | 81,800 | - |
| King's Walk Golf Course | 419,600 | - |
| Choice Health & Fitness | 1,320,000 | - |
| Foundation | <u>245,812</u> | <u>1,021,998</u> |
| Total | <u>\$ 3,676,849</u> | <u>\$ 3,676,849</u> |

In accordance with the agreement between the Foundation and the Capital Projects Fund, the Capital Projects fund transferred \$245,812 to the Foundation for the current year interest payment on the Series 2009 and Series 2013B debt issuances. The Foundation transferred pledges collected by donors to the Capital Project Fund and Choice Health & Fitness. The remaining interfund transfers are to cover expenditures paid in one fund on behalf of another fund.

NOTE 9 ASSETS HELD FOR SALE

The Foundation has received donations of 325,000 cubic yards of clay. As of December 31, 2020, the Foundation has 33,333 cubic yards of clay remaining which has been valued at \$0.75 per cubic yard, for a total value of \$25,000.

NOTE 10 FUND BALANCE

Minimum Fund Balance Policy

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

Deficit Fund Balance

At December 31, 2020, the Capital Projects Fund had a deficit fund balance of \$2,848,966. This deficit will be eliminated with future transfers in and property tax revenues.

NOTE 11 ENDOWMENT

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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.

Description of Amounts Classified as Non-expendable (Endowment Only) as of December 31, 2020

Non-expendable Donations:

| | |
|---|-------------------|
| The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation | <u>\$ 204,067</u> |
| Total endowment funds classified as non-expendable | <u>\$ 204,067</u> |

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 12 UNEARNED REVENUE

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

| | Governmental Activities | Business-Type Activities |
|--------------------------------|----------------------------|-----------------------------|
| Prepaid Lease Agreement | \$ - | \$ 64,326 |
| Prepaid Sponsorship Agreements | - | 3,390 |
| Prepaid Scheduled Ice Time | 143,559 | - |
| Advanced Grant Proceeds | - | 25,211 |
| Advanced Deposits | - | 151,661 |
| Total | \$ 143,559 | \$ 244,588 |

NOTE 13 UNAVAILABLE REVENUE

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

| | Governmental Activities |
|------------------------|----------------------------|
| Taxes Receivable | \$ 167,684 |
| Sponsorship Receivable | 935,822 |
| Contracts Receivable | 10,000 |
| Total | \$ 1,113,506 |

Sponsorship receivable consists of sponsorships paid and contracts signed for the years following December 31, 2020.

NOTE 14 DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER

A. Plan Description

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

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

Eligibility

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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

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

Pension and Death Benefits

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

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

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

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

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive Employees or beneficiaries currently receiving benefits | 22 |
| Inactive Employees entitled to but not yet receiving benefits | 8 |
| Active Employees | <u>22</u> |
| | <u><u>52</u></u> |

Member Contributions

Contributions to the plan are required as follows:

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

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

At December 31, 2020, the District reported a liability of \$2,045,439 for the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and rolled forward to December 31, 2020.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

For the year ended December 31, 2020, the District recognized pension expense of \$149,682. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 79,508 | \$ - |
| Changes in actuarial assumptions | - | 6,049 |
| Difference between projected and actual investment earnings | - | 548,384 |
| Total | <u>\$ 79,508</u> | <u>\$ 554,433</u> |

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

| Year ending December 31: | Pension Expense Amount |
|--------------------------|---------------------------|
| 2021 | \$ (100,936) |
| 2022 | (71,110) |
| 2023 | (220,601) |
| 2024 | (82,278) |

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|----------------------------------|
| Inflation | 2.0% |
| Salary increases | 2.0% |
| Investment rate of return | 7.0%, net of investment expenses |
| Cost-of-living adjustments | None |

For active members, inactive members and healthy retirees, mortality rates were based on the Pub-2010 Mortality Table.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|---|
| Domestic Stocks | 27.00% | 6.40% |
| International Stocks | 20.00% | 7.20% |
| Private Equity | 7.50% | 8.40% |
| Domestic Fixed Income | 25.50% | 2.60% |
| Global Real Assets | 20.00% | 6.50% |

Discount Rate

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

The discount rate used to measure the total pension liability was 7.0 percent as of December 31, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the January 1, 2020 Actuarial Valuation Report.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|--------------------------------|-----------------------------------|------------------------------|
| | Total Position Liability | Plan Fiduciary Net Position | Net Position Liability |
| | (a) | (b) | (a) - (b) |
| Balances at 1/1/2020 | \$ 10,069,407 | \$ 7,629,948 | \$ 2,439,459 |
| Changes for the Year: | | | |
| Service Cost | 60,915 | - | 60,915 |
| Interest | 692,880 | - | 692,880 |
| Contributions - Employer | - | 402,000 | (402,000) |
| Contributions - Employee | - | 67,435 | (67,435) |
| Net Investment Income | - | 944,632 | (944,632) |
| Differences Between Expected and Actual Experience | 256,193 | - | 256,193 |
| Changes of Assumptions | (19,492) | - | (19,492) |
| Benefit Payments, Including Refunds of Employee Contributions | (464,059) | (464,059) | - |
| Administrative Expenses | - | (29,551) | 29,551 |
| Net Changes | <u>526,437</u> | <u>920,457</u> | <u>(394,020)</u> |
| Balances at 12/31/2020 | <u>\$ 10,595,844</u> | <u>\$ 8,550,405</u> | <u>\$ 2,045,439</u> |

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

The following presents the District's net pension liability calculated using the discount rate of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

| | 1% Decrease in Discount Rate (6.0%) | Discount Rate (7.0%) | 1% Increase in Discount Rate (8.0%) |
|--|--|----------------------|--|
| District's proportionate share of the Single Employer net pension liability: | \$ 3,142,400 | \$ 2,045,439 | \$ 1,109,479 |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 15 DEFINED BENEFIT PENSION PLANS - STATEWIDE

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

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At December 31, 2020, the District reported a liability of \$5,623,671 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the District's proportion was 0.17876%. At June 30, 2019, the District's proportion was 0.18704%.

For the year ended December 31, 2020, the District recognized pension expense of \$1,059,433. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 21,885 | \$ 284,957 |
| Changes in actuarial assumptions | 3,014,642 | 498,395 |
| Difference between projected and actual investment earnings | 181,504 | - |
| Changes in proportion | 129,637 | 84,028 |
| Contributions paid to NDPERS subsequent to the measurement date | 79,685 | - |
| Total | \$ 3,427,353 | \$ 867,380 |

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

The \$79,685 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021.

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

| Year ending December 31: | Pension Expense Amount |
|--------------------------|---------------------------|
| 2021 | \$ 753,513 |
| 2022 | 652,749 |
| 2023 | 514,369 |
| 2024 | 559,657 |

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|------------------------------------|
| Inflation | 2.25% |
| Salary increases | 3.5% to 17.75% including inflation |
| Investment rate of return | 7.00%, net of investment expenses |
| Cost-of-living adjustments | None |

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|---|
| Domestic Equity | 30.00% | 6.30% |
| International Equity | 21.00% | 6.85% |
| Private Equity | 7.00% | 9.75% |
| Domestic Fixed Income | 23.00% | 1.25% |
| Global Real Assets | 19.00% | 5.01% |

Discount Rate

For NDPERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the NDPERS plan, the use of a municipal bond rate is required.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.64 percent) or 1 percentage point higher (5.64 percent) than the current rate:

| | 1% Decrease in Discount Rate (3.64%) | Discount Rate (4.64%) | 1% Increase in Discount Rate (5.64%) |
|---|---|-----------------------|---|
| District's proportionate share of the NDPERS net pension liability: | \$ 7,296,290 | \$ 5,623,671 | \$ 4,255,060 |

Pension Plan Fiduciary Net Position

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

NOTE 16 NDPERS OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund (RHIC) is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

OPEB Benefits

The employer contribution for the PERS, the HPRS, and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the RHIC Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the District reported a liability of \$142,948 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the District's proportion was 0.169934 percent, which was a decrease of .004421 from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized OPEB expense of \$22,293. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 3,174 | \$ 3,426 |
| Changes in actuarial assumptions | 19,167 | - |
| Difference between projected and actual earnings on OPEB plan investments | 4,916 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 8,249 | 1,991 |
| Employer Contributions subsequent to the measurement date | 12,759 | - |
| Total | \$ 48,265 | \$ 5,417 |

The \$12,759 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

| Year ending December 31: | Pension Expense Amount |
|--------------------------|------------------------|
| 2021 | \$ 6,322 |
| 2022 | 7,592 |
| 2023 | 7,359 |
| 2024 | 5,906 |
| 2025 | 2,596 |
| Thereafter | 314 |

Actuarial assumptions. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|-----------------------------------|
| Inflation | 2.50% |
| Salary increases | Not applicable |
| Investment rate of return | 6.50%, net of investment expenses |
| Cost-of-living adjustments | None |

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2020 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|---|
| Large Cap Domestic Equities | 33.00% | 6.10% |
| Small Cap Domestic Equities | 6.00% | 7.00% |
| Domestic Fixed Income | 40.00% | 1.15% |
| International Equities | 21.00% | 6.45% |

Discount rate. The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

| | 1% Decrease in Discount | | 1% Increase in Discount | |
|---|-------------------------|-----------------------|-------------------------|---------|
| | Rate (5.50%) | Discount Rate (6.50%) | Rate (7.50%) | |
| District's proportionate share of the net OPEB liability: | \$ | 187,480 | \$ | 142,948 |
| | | | \$ | 105,291 |

NOTE 17 DEFERRED COMPENSATION PLAN AND TRUST

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 18 CHANGE IN ACCOUNTING METHOD

On January 1, 2020, the District elected to charge NDPERS pension and other postemployment benefit expenses to the fund in which the employee worked. Past practice expended these types of expenditures in the general fund regardless of what fund the employee worked in. Due to this change, the pension and OPEB liabilities, along with the related deferred inflows and outflows, were moved to the corresponding funds. Accounts that were affected by the change in accounting method are summarized below:

| | General Fund | Kings Walk Golf Course | Lincoln Golf Course | Choice Health & Fitness |
|---|-------------------|---------------------------|------------------------|----------------------------|
| Deferred Outflows Related to NDPERS - Pension | \$ (330,264) | \$ 36,527 | \$ 28,863 | \$ 264,874 |
| Deferred Inflows Related to NDPERS - Pension | 320,758 | (35,476) | (28,032) | (257,250) |
| NDPERS Pension Liability | 632,679 | (69,974) | (55,292) | (507,413) |
| Deferred Outflows Related to NDPERS - OPEB | (12,111) | 1,340 | 1,058 | 9,713 |
| Deferred Inflows Related to NDPERS - OPEB | 1,263 | (140) | (110) | (1,013) |
| NDPERS OPEB Liability | 40,415 | (4,470) | (3,532) | (32,413) |
| Total | <u>\$ 652,740</u> | <u>\$ (72,193)</u> | <u>\$ (57,045)</u> | <u>\$ (523,502)</u> |

NOTE 19 RISK MANAGEMENT

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

NOTE 20 MEMBERSHIP SHARING WITH ALTRU FAMILY YMCA

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

NOTE 21 NEW PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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

NOTE 22 SUBSEQUENT EVENTS

No significant events have occurred subsequent to the District's year end. Subsequent events have been evaluated through March 24, 2021, which is the date these financial statements were available to be issued.

* * * * *

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO NDPERS/SINGLE EMPLOYER PLANS
LAST 10 YEARS

| Year Ended | Actuarial Determined or Statutorily Required Contributions | District's Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a % of Covered Payroll |
|-----------------------------|--|--------------------------|-------------------------------------|----------------------------|--|
| Single Employer Plan | | | | | |
| 2015 | \$ 208,429 | \$ 210,000 | \$ 1,571 | \$ 1,351,786 | 15.54% |
| 2016 | 276,944 | 210,000 | (66,944) | 1,347,615 | 15.58% |
| 2017 | 288,286 | 210,000 | (78,286) | 1,305,429 | 16.09% |
| 2018 | 238,562 | 318,000 | 79,438 | 1,211,584 | 26.25% |
| 2019 | 390,073 | 318,000 | (72,073) | 1,229,825 | 25.86% |
| 2020 | 368,592 | 402,000 | 33,408 | 1,129,495 | 35.59% |
| NDPERS | | | | | |
| 2015 | 132,843 | 132,843 | - | 1,865,772 | 7.12% |
| 2016 | 120,358 | 120,358 | - | 1,690,424 | 7.12% |
| 2017 | 129,449 | 129,449 | - | 1,818,101 | 7.12% |
| 2018 | 137,219 | 137,219 | - | 1,927,227 | 7.12% |
| 2019 | 145,488 | 145,488 | - | 2,043,367 | 7.12% |
| 2020 | 154,905 | 154,905 | - | 2,175,632 | 7.12% |

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

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

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

See Notes to the Required Supplementary Information

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS

| Year Ended | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------------|--|--|-------------------------------|--|---|
| NDPERS | | | | | |
| 2015 | 0.163035% \$ | 1,108,610 \$ | 1,452,445 | 76.33% | 77.15% |
| 2016 | 0.156803% | 1,528,198 | 1,580,206 | 96.71% | 70.46% |
| 2017 | 0.166376% | 2,674,208 | 1,698,443 | 157.45% | 61.98% |
| 2018 | 0.179905% | 3,036,093 | 1,848,194 | 164.27% | 62.80% |
| 2019 | 0.187042% | 2,192,268 | 1,945,558 | 112.68% | 71.66% |
| 2020 | 0.178760% | 5,623,671 | 1,971,884 | 285.19% | 48.91% |

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

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

See Notes to the Required Supplementary Information

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | |
| Service Cost | \$ 60,915 | \$ 69,068 | \$ 55,532 | \$ 51,356 | \$ 53,042 | \$ 65,304 |
| Interest | 692,880 | 678,667 | 701,298 | 639,065 | 613,350 | 600,859 |
| Differences Between Expected and Actual Experience | 256,193 | (63,683) | (395,310) | 47,709 | 177,548 | - |
| Changes of Assumptions | (19,492) | (22,897) | 665,934 | 743,710 | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | <u>(464,059)</u> | <u>(435,840)</u> | <u>(353,667)</u> | <u>(496,980)</u> | <u>(544,647)</u> | <u>(450,874)</u> |
| Net Changes | 526,437 | 225,315 | 673,787 | 984,860 | 299,293 | 215,289 |
| Total Pension Liability - Beginning | <u>10,069,407</u> | <u>9,844,092</u> | <u>9,170,305</u> | <u>8,185,445</u> | <u>7,886,152</u> | <u>7,670,863</u> |
| Total Pension Liability - Ending (a) | <u>\$ 10,595,844</u> | <u>\$ 10,069,407</u> | <u>\$ 9,844,092</u> | <u>\$ 9,170,305</u> | <u>\$ 8,185,445</u> | <u>\$ 7,886,152</u> |
| Total Fiduciary Net Position | | | | | | |
| Contributions - Employer | \$ 402,000 | \$ 318,000 | \$ 318,000 | \$ 210,000 | \$ 210,000 | \$ 210,000 |
| Contributions - Employee | 67,435 | 65,266 | 68,781 | 69,545 | 74,628 | 79,340 |
| Net Investment Income | 944,632 | 1,148,064 | (222,691) | 987,588 | 392,405 | 67,259 |
| Benefit Payments, Including Refunds of Employee Contributions | (464,059) | (435,840) | (353,667) | (496,980) | (544,647) | (450,874) |
| Administrative Expenses | <u>(29,551)</u> | <u>(24,777)</u> | <u>(11,652)</u> | <u>(15,570)</u> | <u>(13,466)</u> | <u>(18,795)</u> |
| Net Changes in Plan Fiduciary Net Position | 920,457 | 1,070,713 | (201,229) | 754,583 | 118,920 | (113,070) |
| Plan Fiduciary Net Position - Beginning | <u>7,629,948</u> | <u>6,559,235</u> | <u>6,760,464</u> | <u>6,005,881</u> | <u>5,886,961</u> | <u>6,000,031</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 8,550,405</u> | <u>\$ 7,629,948</u> | <u>\$ 6,559,235</u> | <u>\$ 6,760,464</u> | <u>\$ 6,005,881</u> | <u>\$ 5,886,961</u> |
| District's Net Pension Liability - Ending (a) - (b) | <u>\$ 2,045,439</u> | <u>\$ 2,439,459</u> | <u>\$ 3,284,857</u> | <u>\$ 2,409,841</u> | <u>\$ 2,179,564</u> | <u>\$ 1,999,191</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 80.70% | 75.77% | 66.63% | 73.72% | 73.37% | 74.65% |
| Covered Employee Payroll | \$ 1,129,495 | \$ 1,229,825 | \$ 1,211,584 | \$ 1,305,429 | \$ 1,347,615 | \$ 1,351,786 |
| District's Net Pension Liability as a Percentage of Covered Employee Payroll | 181.09% | 198.36% | 271.12% | 184.60% | 161.73% | 147.89% |

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

See Notes to the Required Supplementary Information

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN
LAST 10 YEARS

| Year Ended | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a % of Covered Payroll |
|------------|--------------------------------------|---|-------------------------------------|----------------------------|--|
| 2018 | \$ 21,970 | \$ 21,970 | - | \$ 1,927,227 | 1.14% |
| 2019 | 23,294 | 23,294 | - | 2,043,367 | 1.14% |
| 2020 | 24,802 | 24,802 | - | 2,175,632 | 1.14% |

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

The District implemented GASB Statement No. 75 for its year ended December 31, 2018. Information for the prior years is not available.

See Notes to the Required Supplementary Information

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF DISTRICT'S SHARE OF THE OPEB LIABILITY
LAST 10 YEARS

| Year Ended | District's Proportion of the Net OPEB Liability (Asset) | District's Proportionate Share of the Net OPEB Liability (Asset) | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|------------|---|---|-------------------------------|---|--|
| 2018 | 0.168906% | \$ 133,025 | \$ 1,848,194 | 7.20% | 61.89% |
| 2019 | 0.174355% | 140,040 | 1,945,558 | 7.20% | 63.13% |
| 2020 | 0.169934% | 142,948 | 1,937,198 | 7.38% | 63.38% |

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

The District implemented GASB Statement No. 75 for its year ended December 31, 2018. Information for the prior years is not available.

See Notes to the Required Supplementary Information

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------------------|---------------------|---|
| REVENUES | | | |
| Local Property Taxes | \$ 5,856,800 | \$ 5,965,951 | \$ 109,151 |
| Federal Revenues | - | 256,063 | 256,063 |
| State Revenues | 970,000 | 903,393 | (66,607) |
| Program Income | 1,205,200 | 907,903 | (297,297) |
| Investment Earnings | 175,000 | 108,930 | (66,070) |
| Sponsorship | 325,000 | 280,731 | (44,269) |
| Donations | 9,000 | 233 | (8,767) |
| Miscellaneous | 46,500 | 186,608 | 140,108 |
| | <u>8,587,500</u> | <u>8,609,812</u> | <u>22,312</u> |
| Total Revenues | | | |
| EXPENDITURES | | | |
| Current: | | | |
| Park Operations | 5,070,800 | 4,575,703 | 495,097 |
| Forestry | 963,900 | 1,057,385 | (93,485) |
| Recreation | 701,700 | 544,894 | 156,806 |
| Capital Outlay: | | | |
| Capital and Betterment | 662,600 | 856,574 | (193,974) |
| Debt Service: | | | |
| Principal Retirement | 39,300 | 96,313 | (57,013) |
| Interest Charges | - | 32,266 | (32,266) |
| | <u>7,438,300</u> | <u>7,163,135</u> | <u>275,165</u> |
| Total Expenditures | | | |
| Excess (Deficiency) of Revenues over Expenditures | <u>1,149,200</u> | <u>1,446,677</u> | <u>297,477</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of Capital Assets | (2,500) | 2,118 | 4,618 |
| Transfers In | - | 48,582 | 48,582 |
| Transfers Out | (1,046,400) | (1,907,400) | (861,000) |
| | <u>(1,048,900)</u> | <u>(1,856,700)</u> | <u>(807,800)</u> |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | 100,300 | (410,023) | (510,323) |
| Fund Balances - Beginning of Year | <u>2,750,897</u> | <u>2,750,897</u> | <u>-</u> |
| Fund Balances - End of Year | <u>\$ 2,851,197</u> | <u>\$ 2,340,874</u> | <u>\$ (510,323)</u> |

See Notes to the Required Supplementary Information

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 BUDGETARY DATA

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

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

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

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

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

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

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

NOTE 2 CHANGES OF ASSUMPTIONS AND BENEFIT TERMS

NDPERS PENSION

Changes of benefit terms.

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Changes of assumptions.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

OPEB

Changes of benefit terms.

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

PARK DISTRICT OF THE CITY OF GRAND FORKS
COMBINING STATEMENT OF BALANCE SHEET – GENERAL FUND
DECEMBER 31, 2020

| | General Fund | Forestry Fund | Recreation Fund | Total General Funds |
|---|----------------------------|--------------------------|--------------------------|----------------------------|
| Assets | | | | |
| Cash | \$ 1,693,313 | \$ 513,528 | \$ 274,996 | \$ 2,481,837 |
| Accounts Receivable | 432,979 | - | - | 432,979 |
| Taxes Receivable | 97,524 | 20,446 | 9,363 | 127,333 |
| Contract and Sponsorships Receivable | 833,087 | - | - | 833,087 |
| Prepaid Expenses | 50 | - | - | 50 |
| Total Assets | <u>\$ 3,056,953</u> | <u>\$ 533,974</u> | <u>\$ 284,359</u> | <u>\$ 3,875,286</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 262,200 | \$ - | \$ - | \$ 262,200 |
| Unearned Revenue | 143,559 | - | - | 143,559 |
| Gift Certificate/Card Payable | 30,967 | - | - | 30,967 |
| Accrued Payroll | 30,644 | 5,465 | 3,886 | 39,995 |
| Total Liabilities | <u>467,370</u> | <u>5,465</u> | <u>3,886</u> | <u>476,721</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Revenue - Property Taxes | 86,396 | 17,519 | 7,954 | 111,869 |
| Unavailable Revenue - Contracts and Sponsorships | 945,822 | - | - | 945,822 |
| Total Deferred Inflows of Resources | <u>1,032,218</u> | <u>17,519</u> | <u>7,954</u> | <u>1,057,691</u> |
| Fund Balances | | | | |
| Nonspendable - Prepaid Expenses | 50 | - | - | 50 |
| Unassigned | 1,557,315 | 510,990 | 272,519 | 2,340,824 |
| Total Fund Balances | <u>1,557,365</u> | <u>510,990</u> | <u>272,519</u> | <u>2,340,874</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 3,056,953</u> | <u>\$ 533,974</u> | <u>\$ 284,359</u> | <u>\$ 3,875,286</u> |

PARK DISTRICT OF THE CITY OF GRAND FORKS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | General Fund | Forestry Fund | Recreation Fund | Total General Funds |
|--|---------------------|-------------------|--------------------|------------------------|
| Revenues | | | | |
| Local Property Taxes | \$ 4,301,872 | \$ 1,123,432 | \$ 540,647 | \$ 5,965,951 |
| Federal Revenues | 88,850 | 167,213 | - | 256,063 |
| State Revenues | 882,046 | 8,746 | 12,601 | 903,393 |
| Program Income | 799,664 | 3,300 | 104,939 | 907,903 |
| Investment Earnings | 108,930 | - | - | 108,930 |
| Sponsorships | 278,766 | - | 1,965 | 280,731 |
| Donations | - | - | 233 | 233 |
| Miscellaneous | 176,296 | 3,124 | 7,188 | 186,608 |
| Total Revenues | <u>6,636,424</u> | <u>1,305,815</u> | <u>667,573</u> | <u>8,609,812</u> |
| Expenditures | | | | |
| Current: | | | | |
| Park Operations | 4,575,703 | - | - | 4,575,703 |
| Forestry | - | 1,057,385 | - | 1,057,385 |
| Recreation | - | - | 544,894 | 544,894 |
| Capital Outlay: | | | | |
| Capital and Betterment | 634,967 | 221,607 | - | 856,574 |
| Debt Service: | | | | |
| Principal Retirement | 96,313 | - | - | 96,313 |
| Interest Charges | 32,266 | - | - | 32,266 |
| Total Expenditures | <u>5,339,249</u> | <u>1,278,992</u> | <u>544,894</u> | <u>7,163,135</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,297,175</u> | <u>26,823</u> | <u>122,679</u> | <u>1,446,677</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 2,118 | - | - | 2,118 |
| Operating Transfers In | 33,159 | 10,903 | 4,520 | 48,582 |
| Operating Transfers Out | <u>(1,907,400)</u> | <u>-</u> | <u>-</u> | <u>(1,907,400)</u> |
| Total Other Financing Sources (Uses) | <u>(1,872,123)</u> | <u>10,903</u> | <u>4,520</u> | <u>(1,856,700)</u> |
| Net Change in Fund Balances | (574,948) | 37,726 | 127,199 | (410,023) |
| Fund Balance Beginning of Year | <u>2,132,313</u> | <u>473,264</u> | <u>145,320</u> | <u>2,750,897</u> |
| Fund Balance End of Year | <u>\$ 1,557,365</u> | <u>\$ 510,990</u> | <u>\$ 272,519</u> | <u>\$ 2,340,874</u> |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Park District of the City of Grand Forks, as of and for the year ended December 31, 2020, 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 24, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Park District of the City of Grand Forks' internal control. Accordingly, we do not express an opinion on the effectiveness of the Park District of the City of Grand Forks' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Park District of the City of Grand Forks' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



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

March 24, 2021