

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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PARK DISTRICT OF THE CITY OF GRAND FORKS
ROSTER OF DISTRICT OFFICIALS
AS OF DECEMBER 31, 2022

Tim Skarperud	President
Greg LaDouceur	Vice-President
Cody Bartholomew	Board Member
Russell Kraft	Board Member
Jordan McIntyre	Board Member
George Hellyer	Executive Director

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of the Park District of the City of Grand Forks as of and for the year ended December 31, 2022, 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.

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 remaining fund information of the Park District of the City of Grand Forks as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Park District of the City of Grand Forks and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 22 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Park District of the City of Grand Forks' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Park District of the City of Grand Forks' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Park District of the City of Grand Forks' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 and 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.

Supplementary 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the roster of District officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023 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 23, 2023

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2022

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, 2022 with comparisons for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,779,895 (net position).
- The change in net position from current year activity was an increase of \$1,697,671.
- Total liabilities were \$37,882,896 at December 31, 2022. This is an increase of \$3,617,584 from the balance at December 31, 2021. This result was mainly due to changes in pension liabilities offset by bond payments.

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, 2022

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 2022 and 2021:

Table 1
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and Other Assets	\$ 4,122,473	\$ 12,069,314	\$ 16,191,787
Capital Assets, Net	<u>45,452,229</u>	<u>30,097,947</u>	<u>75,550,176</u>
<i>Total Assets</i>	<u>49,574,702</u>	<u>42,167,261</u>	<u>91,741,963</u>
Deferred Outflows of Resources	<u>3,589,269</u>	<u>1,195,496</u>	<u>4,784,765</u>
Liabilities			
Current Liabilities	935,447	1,142,182	2,077,629
Long-Term Liabilities:			
Due within One Year	1,150,757	1,391,000	2,541,757
Due in more than One Year	<u>14,706,461</u>	<u>18,557,049</u>	<u>33,263,510</u>
<i>Total Liabilities</i>	<u>16,792,665</u>	<u>21,090,231</u>	<u>37,882,896</u>
Deferred Inflows of Resources	<u>1,835,343</u>	<u>1,028,594</u>	<u>2,863,937</u>
Net Position			
Net Investment in Capital Assets	34,173,091	14,958,400	49,131,491
Restricted	917,471	3,367,895	4,285,366
Unrestricted	<u>(554,599)</u>	<u>2,917,637</u>	<u>2,363,038</u>
<i>Total Net Position</i>	<u>\$ 34,535,963</u>	<u>\$ 21,243,932</u>	<u>\$ 55,779,895</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022

Table 1 Continued
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and Other Assets	\$ 2,983,053	\$ 12,508,114	\$ 15,491,167
Capital Assets, Net	44,747,379	30,489,533	75,236,912
<i>Total Assets</i>	47,730,432	42,997,647	90,728,079
Deferred Outflows of Resources			
	1,684,169	687,900	2,372,069
Liabilities			
Current Liabilities	684,958	891,259	1,576,217
Long-Term Liabilities:			
Due within One Year	1,099,119	1,376,000	2,475,119
Due in more than One Year	11,463,449	18,750,527	30,213,976
<i>Total Liabilities</i>	13,247,526	21,017,786	34,265,312
Deferred Inflows of Resources			
	3,668,527	1,084,085	4,752,612
Net Position			
Net Investment in Capital Assets	32,118,938	14,475,733	46,594,671
Restricted	1,133,164	3,755,473	4,888,637
Unrestricted	(753,554)	3,352,470	2,598,916
<i>Total Net Position</i>	\$ 32,498,548	\$ 21,583,676	\$ 54,082,224

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022

Table 2
Changes in Net Position
As of December 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues			
Charges for Services	\$ 1,505,187	\$ 5,356,572	\$ 6,861,759
Capital Grants and Contributions	350,081	804,769	1,154,850
General Revenues			
Property Taxes	8,940,479	-	8,940,479
State Revenues	1,083,498	-	1,083,498
Other	600,660	29,226	629,886
<i>Total Revenues</i>	<u>12,479,905</u>	<u>6,190,567</u>	<u>18,670,472</u>
Expenses			
Program Expenses			
Park Operations	7,580,494	-	7,580,494
Forestry	1,161,856	-	1,161,856
Recreation	748,917	-	748,917
Interest on Long-Term Debt	153,405	-	153,405
King's Walk Golf Course	-	1,618,943	1,618,943
Lincoln Golf Course	-	560,702	560,702
Choice Health & Fitness Foundation	-	4,887,726	4,887,726
	-	260,758	260,758
<i>Total Expenses</i>	<u>9,644,672</u>	<u>7,328,129</u>	<u>16,972,801</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	2,835,233	(1,137,562)	1,697,671
Transfers	<u>(797,818)</u>	<u>797,818</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	2,037,415	(339,744)	1,697,671
Net Position Beginning of Year	<u>32,498,548</u>	<u>21,583,676</u>	<u>54,082,224</u>
Net Position End of Year	<u>\$ 34,535,963</u>	<u>\$ 21,243,932</u>	<u>\$ 55,779,895</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022

Table 2 Continued
Changes in Net Position
As of December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues			
Charges for Services	\$ 1,289,421	\$ 5,166,108	\$ 6,455,529
Capital Grants and Contributions	318,636	577,332	895,968
General Revenues			
Property Taxes	8,771,969	-	8,771,969
State Revenues	924,340	-	924,340
Other	108,144	72,868	181,012
<i>Total Revenues</i>	<u>11,412,510</u>	<u>5,816,308</u>	<u>17,228,818</u>
Expenses			
Program Expenses			
Park Operations	5,825,222	-	5,825,222
Forestry	1,143,217	-	1,143,217
Recreation	674,639	-	674,639
Interest on Long-Term Debt	234,255	-	234,255
King's Walk Golf Course	-	1,516,512	1,516,512
Lincoln Golf Course	-	482,938	482,938
Choice Health & Fitness	-	4,352,605	4,352,605
Foundation	-	180,762	180,762
<i>Total Expenses</i>	<u>7,877,333</u>	<u>6,532,817</u>	<u>14,410,150</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	3,535,177	(716,509)	2,818,668
Transfers	<u>(730,090)</u>	<u>730,090</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	2,805,087	13,581	2,818,668
Net Position Beginning of Year	<u>29,693,461</u>	<u>21,570,095</u>	<u>51,263,556</u>
Net Position End of Year	<u>\$ 32,498,548</u>	<u>\$ 21,583,676</u>	<u>\$ 54,082,224</u>

Choice Health & Fitness membership revenue continues to rise from the COVID-19 pandemic effected years increasing almost \$225,000 from 2021. Choice Health & Fitness has a shared membership agreement with the Altru Family YMCA. Combined members for both organizations started the year with approximately 13,000 members and ended the year with approximately 12,700 members. Members are projected to increase in 2023 as people are vaccinated and feel more comfortable being in the facility. The focus in 2023 will continue to be member retention, regain the lost members, and gain new members. Other operating expenses were up \$395,000 from budget mainly due to higher utility costs and increased employee costs to staff the facility. For 2023 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, 2022

King's Walk Golf Course was open from early May to October 31st in 2022. Total operating revenue decreased over \$22,700 from the 2021 level mainly due to the golf course opening over a month later in 2022 due to weather. Over 26,100 rounds were played in 2022, which was down 2,350 rounds from the 2021 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 2023.

Lincoln Golf Course opened at the end of April and closed on October 24th in 2022. Total operating revenue decreased over \$12,600 compared to the 2021 level mainly due to the golf course opening over a month later in 2022 due to weather and Red River flooding. Over 18,900 rounds were played in 2022, which was down over 3,700 rounds from the 2021 season. The 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 2022.

Original and final budgeted revenues for the general fund in 2022 were \$9,267,300 and the actual revenues were \$9,964,326. The major factor contributing to the increase of actual revenues over budgeted revenues in 2022 was due to an increase in state revenues, ice arena rentals, and program income. State revenue received was almost \$283,000 over budget and ice arena rentals were almost \$92,000 over budget. The increase in state revenue is directly related to an increase in sales tax collections for the state of ND. Many recreation programs and events that were not held or had reduced season in 2020 due to the COVID-19 pandemic, continued to increase back to normal attendance. This increased both the revenues and expenses for these tax subsidized activities.

Original and final budgeted expenditures for the general fund in 2022 were \$8,470,900 and the actual expenditures were \$8,421,975. Actual expenditures were in line with budgeted expenditures. The District continued to prioritize maintenance items and projects as well as managers trying to control expenses in their departments.

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022

Capital Assets

Table 3
Capital Assets at December 31, 2022
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,254,623	\$ 3,249,695	\$ 7,504,318
Land Improvements	15,023,100	-	15,023,100
Buildings, Systems, and Structures	23,126,010	22,762,269	45,888,279
Golf Course	-	3,199,564	3,199,564
Equipment	739,364	563,011	1,302,375
Vehicles	315,084	914	315,998
Tractors, Trailers, and Mowers	837,405	322,494	1,159,899
Construction in Progress	1,156,643	-	1,156,643
<i>Totals</i>	<u>\$ 45,452,229</u>	<u>\$ 30,097,947</u>	<u>\$ 75,550,176</u>

Capital Assets at December 31, 2021
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,254,623	\$ 3,249,695	\$ 7,504,318
Land Improvements	14,834,829	-	14,834,829
Buildings, Systems, and Structures	23,597,883	23,313,139	46,911,022
Golf Course	-	3,328,596	3,328,596
Equipment	796,015	279,243	1,075,258
Vehicles	255,161	4,569	259,730
Tractors, Trailers, and Mowers	886,830	304,427	1,191,257
Construction in Progress	122,038	9,863	131,901
<i>Totals</i>	<u>\$ 44,747,379</u>	<u>\$ 30,489,532</u>	<u>\$ 75,236,911</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, 2022

Long-Term Liabilities

At the end of the current fiscal year, the District had total bonded debt outstanding of \$26,323,074, contract payable of \$618,834, net pension liabilities of \$8,066,209, net other postemployment benefit liabilities of \$221,089, and compensated absences of \$576,061.

Table 4
Outstanding Liabilities at December 31, 2022

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 8,349,054	\$ -	\$ 8,349,054
Revenue Bonds	-	17,974,020	17,974,020
Contract Payable	618,834	-	618,834
Net Pension Liability	6,419,867	1,646,342	8,066,209
Net Other Postemployment Benefit Liability	156,973	64,116	221,089
Compensated Absences	312,490	263,571	576,061
Total	\$ 15,857,218	\$ 19,948,049	\$ 35,805,267

Outstanding Liabilities at December 31, 2021

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 9,198,857	\$ -	\$ 9,198,857
Revenue Bonds	-	19,275,201	19,275,201
Contract Payable	721,953	-	721,953
Net Pension Liability	2,235,199	551,320	2,786,519
Net Other Postemployment Benefit Liability	67,550	27,590	95,140
Compensated Absences	339,010	272,416	611,426
Total	\$ 12,562,569	\$ 20,126,527	\$ 32,689,096

The District's total debt increased by \$3,116,171 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, 2022

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. In 2022 the District partnered with the City of Grand Forks to conduct a feasibility study for an indoor sports facility and an indoor aquatic facility with the findings to be reported in 2023.

For 2023, the District will continue to expand and improve facilities to meet demand. The Eagles Arena will be renovated to add permanent seating. The Kraft Field grandstand will be renovated including new seating, press box, concessions, restrooms, storage, and players room. The Snookie Register Tennis Court viewing area will be renovated to create a safer and more enjoyable experience for participants and fans. The construction of the Northern Valley Law Enforcement Memorial will be completed and dedicated at Optimist Park. At Oxford Sports Complex, the infield turf will be completed and playable at Montgomery Field.

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 recovered from the COVID-19 slowdown and has now again trended up the last couple of years. The District budgeted to slightly decrease the reserves in the government funds for 2023 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 continues to recover from the effects of the COVID-19 pandemic. Membership revenues are rebounding and many programming revenues are now at the levels prior to the pandemic. Both King's Walk and Lincoln Golf Course saw strong years 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 opened in the fall 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, 2022

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 Jeff Lancaster, Director of Finance & Administration, 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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 5,430,843	\$ 1,815,468	\$ 7,246,311
Investments	-	975,770	975,770
Restricted Cash & Investments with Fiscal Agent	-	1,505,790	1,505,790
Accounts Receivable, Net	260,723	84,494	345,217
Pledges Receivable, Net	-	4,518,580	4,518,580
Taxes Receivable	80,139	-	80,139
Contract and Sponsorships Receivable	860,293	-	860,293
Interest Receivable	9,410	11,102	20,512
Short Term Lease Receivable	26,860	57,729	84,589
Long Term Lease Receivable	214,105	279,945	494,050
Prepaid Expenses	100	-	100
Inventory	-	60,436	60,436
Internal Balances	(2,760,000)	2,760,000	-
Nondepreciable Capital Assets	20,434,366	3,249,695	23,684,061
Depreciable Capital Assets, Net	<u>25,017,863</u>	<u>26,848,252</u>	<u>51,866,115</u>
Total Assets	<u>49,574,702</u>	<u>42,167,261</u>	<u>91,741,963</u>
Deferred Outflows of Resources			
Deferred Outflows of Resources - NDPERS	2,843,510	1,161,433	4,004,943
Deferred Outflows of Resources - Single Employer Plan	662,366	-	662,366
Deferred Outflows of Resources - OPEB NDPERS	<u>83,393</u>	<u>34,063</u>	<u>117,456</u>
Total Deferred Outflows of Resources	<u>3,589,269</u>	<u>1,195,496</u>	<u>4,784,765</u>
Liabilities			
Accounts Payable	701,372	9,137	710,509
Pledges Payable	-	269,299	269,299
Sales Tax Payable	219	3,172	3,391
Gift Certificates/Cards Payable	29,581	119,002	148,583
Accrued Payroll	61,804	67,053	128,857
Accrued Interest Payable	38,233	66,055	104,288
Unearned Revenue	104,238	608,464	712,702
Non Current Liabilities:			
Due Within One Year	1,150,757	1,391,000	2,541,757
Due in More than One Year	<u>14,706,461</u>	<u>18,557,049</u>	<u>33,263,510</u>
Total Liabilities	<u>16,792,665</u>	<u>21,090,231</u>	<u>37,882,896</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources - NDPERS	1,598,730	653,003	2,251,733
Deferred Inflows of Resources - OPEB NDPERS	2,156	880	3,036
Deferred Inflows of Resources - Leases	<u>234,457</u>	<u>374,711</u>	<u>609,168</u>
Total Deferred Inflows of Resources	<u>1,835,343</u>	<u>1,028,594</u>	<u>2,863,937</u>
Net Position			
Net Investment in Capital Assets	34,173,091	14,958,400	49,131,491
Restricted: Non-expendable - Endowments	-	211,567	211,567
Restricted for:			
Debt Service	917,471	1,385,971	2,303,442
Repairs and Replacement	-	119,819	119,819
Pledges	-	1,650,538	1,650,538
Unrestricted	<u>(554,599)</u>	<u>2,917,637</u>	<u>2,363,038</u>
Total Net Position	<u>\$ 34,535,963</u>	<u>\$ 21,243,932</u>	<u>\$ 55,779,895</u>

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Park Operations	\$ 7,580,494	\$ 1,254,472	\$ -	\$ 350,081	\$ (5,975,941)	\$ -	\$ (5,975,941)
Forestry	1,161,856	3,250	-	-	(1,158,606)	-	(1,158,606)
Recreation	748,917	247,465	-	-	(501,452)	-	(501,452)
Interest on Long-Term Debt	153,405	-	-	-	(153,405)	-	(153,405)
Total Governmental Activities	<u>9,644,672</u>	<u>1,505,187</u>	<u>-</u>	<u>350,081</u>	<u>(7,789,404)</u>	<u>-</u>	<u>(7,789,404)</u>
Business-Type Activities							
King's Walk Golf Course	1,618,943	1,511,207	-	-	-	(107,736)	(107,736)
Lincoln Golf Course	560,702	362,659	-	-	-	(198,043)	(198,043)
Choice Health & Fitness Foundation	4,887,726	3,482,706	-	131,347	-	(1,273,673)	(1,273,673)
	<u>260,758</u>	<u>-</u>	<u>-</u>	<u>673,422</u>	<u>-</u>	<u>412,664</u>	<u>412,664</u>
Total Business- Type Activities	<u>7,328,129</u>	<u>5,356,572</u>	<u>-</u>	<u>804,769</u>	<u>-</u>	<u>(1,166,788)</u>	<u>(1,166,788)</u>
Total Primary Government	<u>\$ 16,972,801</u>	<u>\$ 6,861,759</u>	<u>\$ -</u>	<u>\$ 1,154,850</u>	<u>(7,789,404)</u>	<u>(1,166,788)</u>	<u>(8,956,192)</u>
General Revenues:							
Property Taxes - General					6,802,142	-	6,802,142
Property Taxes - Debt Service					961,259	-	961,259
Property Taxes - Capital Projects					1,177,078	-	1,177,078
Grants and Entitlements not Restricted to Specific Programs					1,083,498	-	1,083,498
Investment Earnings (losses)					54,731	(115,774)	(61,043)
Miscellaneous					512,229	-	512,229
Gain on Sale of Capital Assets					33,700	145,000	178,700
Transfers					<u>(797,818)</u>	<u>797,818</u>	<u>-</u>
Total General Revenues and Transfers					<u>9,826,819</u>	<u>827,044</u>	<u>10,653,863</u>
Change in Net Position					2,037,415	(339,744)	1,697,671
Net Position- Beginning					<u>32,498,548</u>	<u>21,583,676</u>	<u>54,082,224</u>
Net Position- End of Year					<u>\$ 34,535,963</u>	<u>\$ 21,243,932</u>	<u>\$ 55,779,895</u>

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 3,998,290	\$ 944,051	\$ 488,503	\$ 5,430,844
Accounts Receivable	260,723	-	-	260,723
Taxes Receivable	57,970	11,653	10,515	80,138
Contract and Sponsorships Receivable	860,293	-	-	860,293
Interest Receivable	9,410	-	-	9,410
Short Term Lease Receivable	26,860	-	-	26,860
Long Term Lease Receivable	214,105	-	-	214,105
Prepaid Items	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total Assets	<u>\$ 5,427,751</u>	<u>\$ 955,704</u>	<u>\$ 499,018</u>	<u>\$ 6,882,473</u>
Liabilities				
Accounts Payable	\$ 424,600	\$ -	\$ 276,772	\$ 701,372
Advances From Other Funds	-	-	2,760,000	2,760,000
Sales Tax Payable	219	-	-	219
Gift Certificate/Cards Payable	29,581	-	-	29,581
Unearned Revenue	104,238	-	-	104,238
Accrued Payroll	<u>61,803</u>	<u>-</u>	<u>-</u>	<u>61,803</u>
Total Liabilities	<u>620,441</u>	<u>-</u>	<u>3,036,772</u>	<u>3,657,213</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	111,755	19,037	19,822	150,614
Unavailable Revenue - Contracts and Sponsorships	992,739	-	-	992,739
Deferred Inflows of Resources - Leases	<u>234,457</u>	<u>-</u>	<u>-</u>	<u>234,457</u>
Total Deferred Inflows of Resources	<u>1,338,951</u>	<u>19,037</u>	<u>19,822</u>	<u>1,377,810</u>
Fund Balances				
Nonspendable For:				
Prepaid Items	100	-	-	100
Restricted For:				
Debt Service	-	936,667	-	936,667
Unassigned	<u>3,468,259</u>	<u>-</u>	<u>(2,557,576)</u>	<u>910,683</u>
Total Fund Balances	<u>3,468,359</u>	<u>936,667</u>	<u>(2,557,576)</u>	<u>1,847,450</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,427,751</u>	<u>\$ 955,704</u>	<u>\$ 499,018</u>	<u>\$ 6,882,473</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, 2022

Total Governmental Funds Balance \$ 1,847,450

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. 45,452,229

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	992,739
Property Taxes	<u>150,614</u>

Total 1,143,353

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	662,366
Deferred Outflows of Resources - Pension - NDPERS	2,843,510
Deferred Outflows of Resources - OPEB - NDPERS	83,393
Deferred Inflows of Resources - Pension - NDPERS	(1,598,730)
Deferred Inflows of Resources - OPEB - NDPERS	<u>(2,156)</u>

Total 1,988,383

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

Accrued Interest	(38,233)
Compensated Absences	(312,490)
Contract Payable	(618,834)
Premium on Bonds Payable	(614,055)
Net Pension Liability - NDPERS	(4,030,701)
Net Pension Liability - Single Employer Plan	(2,389,166)
Net OPEB Liability - NDPERS	(156,973)
General Obligation Bonds	<u>(7,735,000)</u>

Total (15,895,452)

Net Position of Governmental Activities \$ 34,535,963

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, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local Property Taxes	\$ 6,813,478	\$ 961,259	\$ 1,177,078	\$ 8,951,815
State Revenues	1,083,498	-	-	1,083,498
Program Income	1,409,025	-	-	1,409,025
Investment Earnings	54,731	-	-	54,731
Sponsorships	350,081	-	-	350,081
Donations and Grants	-	-	258,511	258,511
Miscellaneous	253,513	206	-	253,719
Total Revenues	<u>9,964,326</u>	<u>961,465</u>	<u>1,435,589</u>	<u>12,361,380</u>
Expenditures				
Current:				
Park Operations	5,385,456	-	-	5,385,456
Forestry	1,138,569	-	-	1,138,569
Recreation	748,917	-	-	748,917
Capital Outlay:				
Capital and Betterment	1,021,841	188,477	1,444,488	2,654,806
Debt Service:				
Principal Retirement	103,119	740,000	-	843,119
Interest Charges	24,073	244,000	-	268,073
Total Expenditures	<u>8,421,975</u>	<u>1,172,477</u>	<u>1,444,488</u>	<u>11,038,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,542,351</u>	<u>(211,012)</u>	<u>(8,899)</u>	<u>1,322,440</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	40,161	-	-	40,161
Operating Transfers In	130,017	-	688,892	818,909
Operating Transfers Out	(890,000)	-	(726,726)	(1,616,726)
Total Other Financing Sources (Uses)	<u>(719,822)</u>	<u>-</u>	<u>(37,834)</u>	<u>(757,656)</u>
Net Change in Fund Balances	822,529	(211,012)	(46,733)	564,784
Fund Balance Beginning of Year	<u>2,645,830</u>	<u>1,147,679</u>	<u>(2,510,843)</u>	<u>1,282,666</u>
Fund Balance End of Year	<u>\$ 3,468,359</u>	<u>\$ 936,667</u>	<u>\$ (2,557,576)</u>	<u>\$ 1,847,450</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, 2022

Net Change in Fund Balance - Total Governmental Funds \$ 564,784

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.

Net Book Value of Disposed Capital Assets	\$ (6,461)	
Capital Asset Additions	2,075,099	
Current Year Depreciation	<u>(1,363,788)</u>	
Total		704,850

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

Property Taxes	(11,338)
Contracts and Sponsorship Receivable	96,162

Change in deferred outflows and inflows of resources related to:

Net Pension Liability	3,892,641
Net NDPERS OPEB Liability	80,100

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	4,867
Amortization of Bond Premium	109,802
Principal Payment on Bonds Payable	740,000
Principal Payment on Notes Payable	103,119
Change in Compensated Absences	26,520
Change in Net NDPERS OPEB Liability	(89,423)
Change in Net Pension Liability	<u>(4,184,669)</u>

Total	<u>(3,289,784)</u>
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Change in Net Position	<u><u>\$ 2,037,415</u></u>
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See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-Type Activities-Enterprise Funds				Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Foundation	
Assets					
Current Assets:					
Cash	\$ 566,825	\$ 117,842	\$ 868,939	\$ 261,862	\$ 1,815,468
Investments	-	-	-	975,770	975,770
Accounts Receivable (Net)	18,891	-	61,612	3,991	84,494
Short Term Lease Receivable	-	-	57,729	-	57,729
Due From Other Funds	-	-	2,980,859	-	2,980,859
Advances To Other Funds	-	-	-	390,000	390,000
Pledges Receivable (net)	-	-	-	460,502	460,502
Interest Receivable	-	-	11,102	-	11,102
Inventory	53,034	7,402	-	-	60,436
Total Current Assets	<u>638,750</u>	<u>125,244</u>	<u>3,980,241</u>	<u>2,092,125</u>	<u>6,836,360</u>
Non-Current Assets:					
Advances To Other Funds	-	-	-	2,370,000	2,370,000
Restricted Cash & Investments with Fiscal Agent	-	-	1,505,790	-	1,505,790
Long Term Lease Receivable	-	-	279,945	-	279,945
Pledges Receivable, Net of Current Portion	-	-	-	4,058,078	4,058,078
Capital Assets:					
Land	618,820	21,640	2,609,235	-	3,249,695
Buildings, Systems, and Structures	2,359,147	1,009,959	26,686,858	-	30,055,964
Golf Course	5,703,112	575,580	-	-	6,278,692
Equipment	1,457,440	8,000	397,076	-	1,862,516
Vehicles	21,932	5,000	-	-	26,932
Tractors, Trailers, & Mowers	760,603	366,024	-	-	1,126,627
Less Accumulated Depreciation	<u>(5,248,288)</u>	<u>(1,031,262)</u>	<u>(6,222,929)</u>	<u>-</u>	<u>(12,502,479)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,672,766</u>	<u>954,941</u>	<u>23,470,240</u>	<u>-</u>	<u>30,097,947</u>
Total Non-Current Assets	<u>5,672,766</u>	<u>954,941</u>	<u>25,255,975</u>	<u>6,428,078</u>	<u>38,311,760</u>
Total Assets	<u>6,311,516</u>	<u>1,080,185</u>	<u>29,236,216</u>	<u>8,520,203</u>	<u>45,148,120</u>
Deferred Outflows of Resources					
Deferred Outflows of Resources - NDPERS	120,148	120,148	921,137	-	1,161,433
Deferred Outflows of Resources - OPEB NDPERS	3,524	3,524	27,015	-	34,063
Total Deferred Outflows of Resources	<u>123,672</u>	<u>123,672</u>	<u>948,152</u>	<u>-</u>	<u>1,195,496</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, 2022

	Business-Type Activities-Enterprise Funds				Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Foundation	
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 2,200	\$ -	\$ 6,425	\$ 512	\$ 9,137
Sales Tax Payable	-	-	3,172	-	3,172
Gift Certificate/Cards Payable	85,105	2,015	31,882	-	119,002
Due to Other Funds	-	-	-	2,980,859	2,980,859
Accrued Payroll	32,411	1,035	33,607	-	67,053
Unearned Revenue	-	-	61,791	546,673	608,464
Compensated Absences	28,860	3,330	78,810	-	111,000
Bonds Payable	-	-	890,000	390,000	1,280,000
Pledges Payable	-	-	-	269,299	269,299
Accrued Interest Payable	-	-	39,773	26,282	66,055
Total Current Liabilities	<u>148,576</u>	<u>6,380</u>	<u>1,145,460</u>	<u>4,213,625</u>	<u>5,514,041</u>
Non-Current Liabilities:					
Compensated Absences, Net of Current	31,035	9,853	111,683	-	152,571
Bonds Payable, Net of Current	-	-	14,249,547	2,444,473	16,694,020
Net Pension Liability	170,311	170,311	1,305,720	-	1,646,342
NDPERS OPEB Liability	6,633	6,633	50,850	-	64,116
Total Non-Current Liabilities	<u>207,979</u>	<u>186,797</u>	<u>15,717,800</u>	<u>2,444,473</u>	<u>18,557,049</u>
Total Liabilities	<u>356,555</u>	<u>193,177</u>	<u>16,863,260</u>	<u>6,658,098</u>	<u>24,071,090</u>
Deferred Inflows of Resources					
Deferred Inflows of Resources - NDPERS	67,552	67,552	517,899	-	653,003
Deferred Inflows of Resources - OPEB NDPERS	91	91	698	-	880
Deferred Inflows of Resources - Leases	-	-	374,711	-	374,711
Total Deferred Inflows of Resources	<u>67,643</u>	<u>67,643</u>	<u>893,308</u>	<u>-</u>	<u>1,028,594</u>
Net Position					
Net Investment in Capital Assets	5,672,766	954,941	8,330,693	-	14,958,400
Restricted: Non-expendable - Endowments	-	-	-	211,567	211,567
Restricted for:					
Debt Service	-	-	1,385,971	-	1,385,971
Repairs and Replacement	-	-	119,819	-	119,819
Pledges	-	-	-	1,650,538	1,650,538
Unrestricted	<u>338,224</u>	<u>(11,904)</u>	<u>2,591,317</u>	<u>-</u>	<u>2,917,637</u>
Total Net Position	<u>\$ 6,010,990</u>	<u>\$ 943,037</u>	<u>\$ 12,427,800</u>	<u>\$ 1,862,105</u>	<u>\$ 21,243,932</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, 2022

	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	\$ 1,511,207	\$ 362,659	\$ 3,482,706	\$ -	\$ 5,356,572
Donations/Sponsorships	-	-	-	673,422	673,422
Total Operating Revenues	<u>1,511,207</u>	<u>362,659</u>	<u>3,482,706</u>	<u>673,422</u>	<u>6,029,994</u>
Operating Expenses:					
Costs of Sales and Services	678,851	311,925	2,119,040	153,109	3,262,925
Administration	623,150	179,590	1,687,794	-	2,490,534
Total Operating Expenses	<u>1,302,001</u>	<u>491,515</u>	<u>3,806,834</u>	<u>153,109</u>	<u>5,753,459</u>
Operating Income (Loss) before Depreciation	<u>209,206</u>	<u>(128,856)</u>	<u>(324,128)</u>	<u>520,313</u>	<u>276,535</u>
Depreciation and Amortization	<u>316,942</u>	<u>69,187</u>	<u>589,083</u>	<u>-</u>	<u>975,212</u>
Operating Income (Loss)	<u>(107,736)</u>	<u>(198,043)</u>	<u>(913,211)</u>	<u>520,313</u>	<u>(698,677)</u>
Non-Operating Revenues (Expenses):					
Donations/Sponsorships	-	-	131,347	-	131,347
Interest	-	-	(13,039)	(102,735)	(115,774)
Gain on Disposal of Fixed Assets	107,500	37,500	-	-	145,000
Bond Expense	-	-	(491,809)	(107,649)	(599,458)
Total Non-Operating Revenue (Expenses)	<u>107,500</u>	<u>37,500</u>	<u>(373,501)</u>	<u>(210,384)</u>	<u>(438,885)</u>
Income (Loss) Before Transfers	<u>(236)</u>	<u>(160,543)</u>	<u>(1,286,712)</u>	<u>309,929</u>	<u>(1,137,562)</u>
Transfers In	365,000	75,000	1,054,000	328,065	1,822,065
Transfers Out	-	-	-	(1,024,247)	(1,024,247)
Total Transfers	<u>365,000</u>	<u>75,000</u>	<u>1,054,000</u>	<u>(696,182)</u>	<u>797,818</u>
Changes in Net Position	364,764	(85,543)	(232,712)	(386,253)	(339,744)
Total Net Position - Beginning	<u>5,646,226</u>	<u>1,028,580</u>	<u>12,660,512</u>	<u>2,248,358</u>	<u>21,583,676</u>
Total Net Position - Ending	<u>\$ 6,010,990</u>	<u>\$ 943,037</u>	<u>\$ 12,427,800</u>	<u>\$ 1,862,105</u>	<u>\$ 21,243,932</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, 2022

	Business-Type Activities - Enterprise Funds				
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Foundation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 1,530,316	\$ 362,711	\$ 3,147,600	\$ 852,135	\$ 5,892,762
Payments to Suppliers	(686,189)	(316,022)	(2,141,718)	(163,948)	(3,307,877)
Payments to Employees	(620,682)	(159,683)	(1,154,184)	-	(1,934,549)
Net Cash Provided (Used) by Operating Activities	<u>223,445</u>	<u>(112,994)</u>	<u>(148,302)</u>	<u>688,187</u>	<u>650,336</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Due from other Funds	-	-	178,908	-	178,908
Due to other Funds	-	-	-	(178,908)	(178,908)
Transfers from other Funds	365,000	75,000	1,054,000	328,065	1,822,065
Transfer to other Funds	-	-	-	(1,024,247)	(1,024,247)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>365,000</u>	<u>75,000</u>	<u>1,232,908</u>	<u>(875,090)</u>	<u>797,818</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Bonds Payable	-	-	(865,000)	(420,000)	(1,285,000)
Proceeds from Advances To Other Funds	-	-	-	420,000	420,000
Capital Donations	-	-	131,347	-	131,347
Purchases of Capital Assets	(577,599)	-	(15,890)	-	(593,489)
Gain on Sale of Capital Assets	117,364	37,500	-	-	154,864
Interest Paid on Capital Debt	-	-	(503,224)	(117,727)	(620,951)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(460,235)</u>	<u>37,500</u>	<u>(1,252,767)</u>	<u>(117,727)</u>	<u>(1,793,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends Received (Paid)	-	-	(17,882)	(102,735)	(120,617)
Net Cash Provided (Used) by Capital Investing Activities	<u>-</u>	<u>-</u>	<u>(17,882)</u>	<u>(102,735)</u>	<u>(120,617)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	128,210	(494)	(186,043)	(407,365)	(465,692)
Cash and Investments, January 1	438,615	118,336	2,560,772	1,644,997	4,762,720
Cash and Investments, December 31	<u>\$ 566,825</u>	<u>\$ 117,842</u>	<u>\$ 2,374,729</u>	<u>\$ 1,237,632</u>	<u>\$ 4,297,028</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (107,736)	\$ (198,043)	\$ (913,211)	\$ 520,313	\$ (698,677)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	316,942	69,187	589,083	-	975,212
Effects on Operating Cash Flows Due to Changes in:					
Accounts Receivable	(208)	-	(5,118)	(3,991)	(9,317)
Short Term Lease Receivable	-	-	(57,729)	-	(57,729)
Long Term Lease Receivable	-	-	(279,945)	-	(279,945)
Pledges Receivable	-	-	-	(81,470)	(81,470)
Inventories	(9,492)	(4,097)	-	-	(13,589)
NDPERS Deferred Pension/OPEB Outflows	(52,510)	(52,510)	(402,576)	-	(507,596)
Accounts Payable	2,154	-	(40,670)	512	(38,004)
Gift Certificate/Cards Payable	19,317	52	7,686	-	27,055
Accrued Payroll	(12,421)	213	8,577	-	(3,631)
Pledges Payable	-	-	-	(11,351)	(11,351)
Compensated Absences	(5,154)	(349)	(3,342)	-	(8,845)
Deferred Leases Inflows	-	-	374,711	-	374,711
NDPERS Net Pension/OPEB Liability	117,057	117,057	897,434	-	1,131,548
NDPERS Deferred Pension/OPEB Inflows	(44,504)	(44,504)	(341,194)	-	(430,202)
Unearned Revenue	-	-	17,992	264,174	282,166
Total Adjustments	<u>331,181</u>	<u>85,049</u>	<u>764,909</u>	<u>167,874</u>	<u>1,349,013</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 223,445</u>	<u>\$ (112,994)</u>	<u>\$ (148,302)</u>	<u>\$ 688,187</u>	<u>\$ 650,336</u>
Reconciliation of Cash and Investments					
Cash	\$ 566,825	\$ 117,842	\$ 868,939	\$ 261,862	\$ 1,815,468
Investments	-	-	-	975,770	975,770
Restricted Cash	-	-	1,505,790	-	1,505,790
	<u>\$ 566,825</u>	<u>\$ 117,842</u>	<u>\$ 2,374,729</u>	<u>\$ 1,237,632</u>	<u>\$ 4,297,028</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, 2022

	<u>Pension Trust Fund</u>
ASSETS	
Investments, at Fair Value:	
Cash and Investment Funds	<u>\$ 8,445,132</u>
 Total Assets	 <u>\$ 8,445,132</u>
 NET POSITION	
Held in Trust for Pension Benefits and Other Purposes	 <u>\$ 8,445,132</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, 2022

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 318,000
Plan Members	<u>56,238</u>
Total Contributions	<u>374,238</u>
Investment Earnings:	
Investment Income	273,600
Net Change in the Fair Value of Investments	(1,382,326)
Administrative Expenses	<u>(24,530)</u>
Net Investment Earnings (Losses)	<u>(1,133,256)</u>
Total Additions	<u>(759,018)</u>
DEDUCTIONS	
Benefits Paid	<u>692,080</u>
Total Deductions	<u>692,080</u>
Change in Net Position	(1,451,098)
Net Position - Beginning	<u>9,896,230</u>
Net Position - Ending	<u>\$ 8,445,132</u>

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

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, 2022

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 Director of Finance & Administration 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.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

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, 2022

<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. Leases

The District is a lessor for noncancellable leases of land and buildings. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

K. 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

L. 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.

M. 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.

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

O. 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 Director of Finance & Administration are authorized to establish assignments of fund balance.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

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.

P. 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.

Q. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

R. 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 three items reported on the statement of net position as Deferred Outflows of Resources which represents actuarial differences within NDPERS OPEB, NDPERS Pension Plan and the Single Employer Plan as well as amounts paid to the plans after the measurement date.

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

deferred inflows of resources – leases, is reported as a deferred inflow of resource for both the Balance Sheet – Governmental Funds and the Statement of Net Position as these amounts represent future inflows of lease receivables. The District also has two items reported on the statement of net position as Deferred Inflows of Resources which represents actuarial differences within NDPERS OPEB, and NDPERS Pension Plan.

S. Sales Taxes

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

T. 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 and Single Employer Pension Plan fiduciary net position have been determined on the same basis as they are reported by NDPERS and 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.

U. 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.

V. Unearned Revenue

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

W. 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.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
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DECEMBER 31, 2022

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, 2022, the carrying amount of the District's bank deposits was \$7,246,311 and the bank balance was \$7,387,144, of which all was covered by Federal Depository Insurance or collateral held in safekeeping in the District's name. In addition, there is \$1,505,790 held with fiscal agent as restricted cash for bond covenants. The balance consists entirely of cash. The cash is held at the Bank of New York Mellon and is covered by FDIC coverage.

B. Investments

As of December 31, 2022, \$8,338,083 of the District's pension trust funds were invested with the North Dakota State Investment Board and \$107,049 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

As of December 31, 2022, 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	\$ 2,812
Consumer Cyclical	10,682
Consumer Non-Cyclical	6,525
Energy	6,735
Financial	14,653
Health Care	22,030
Industrials	13,377
Mutual Fund - Equity	104,207
Mutual Funds - International	67,342
Technology	38,052
Utility	3,595
Mutual Funds	287,133
Total	\$ 577,143

The remaining \$398,627 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	\$ 4,542,937	\$ -	\$ -	\$ 4,542,937
Global Fixed Income	-	2,102,887	-	2,102,887
	\$ 4,542,937	\$ 2,102,887	\$ -	\$ 6,645,824

Investments measured at the net asset value (NAV):

Pension Investments:	
Real Assets NAV:	\$ 1,669,577
Redemption Frequency:	Quarterly, Not Eligible
Redemption Notice Period:	30-90 days

The remaining \$129,731 of the pension investments were cash deposits.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

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 and interest on which will be sufficient to pay when due the principal and interest on such obligations;
- j) shares or certificates in any short-term investment fund which is maintained by the Trustee and which fund invests solely in Governmental Obligations;
- k) federal funds or bankers acceptances with a maximum term of one (1) year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-I " or "A3" or better by Moody's and "A-I" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee; and

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

- 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.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 01/01/22	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/22
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 4,254,623	\$ -	\$ -	\$ -	\$ 4,254,623
Land Improvements	14,834,829	188,271	-	-	15,023,100
Construction in Progress	122,038	1,133,806	-	(99,201)	1,156,643
Total Capital Assets Not Being Depreciated	19,211,490	1,322,077	-	(99,201)	20,434,366
Capital Assets Being Depreciated:					
Buildings, Systems, and Structures	38,898,222	419,013	-	99,201	39,416,436
Equipment	2,561,735	67,940	-	-	2,629,675
Vehicles	1,345,722	143,967	(25,000)	-	1,464,689
Tractors, Trailers, and Mowers	1,892,245	122,102	(69,653)	-	1,944,694
Total Capital Assets Being Depreciated	44,697,924	753,022	(94,653)	99,201	45,455,494
Less Accumulated Depreciation:					
Buildings, Systems, and Structures	(15,300,339)	(990,087)	-	-	(16,290,426)
Equipment	(1,765,720)	(124,591)	-	-	(1,890,311)
Vehicles	(1,090,561)	(84,044)	25,000	-	(1,149,605)
Tractors, Trailers, and Mowers	(1,005,415)	(165,066)	63,192	-	(1,107,289)
Total Accumulated Depreciation	(19,162,035)	(1,363,788)	88,192	-	(20,437,631)
Total Capital Assets Being Depreciated, Net	25,535,889	(610,766)	(6,461)	99,201	25,017,863
Governmental Capital Assets, Net	\$ 44,747,379	\$ 711,311	\$ (6,461)	\$ -	\$ 45,452,229

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

	Balance 01/01/22	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/22
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 3,249,695	\$ -	\$ -	\$ -	\$ 3,249,695
Construction in Progress	<u>9,863</u>	<u>-</u>	<u>-</u>	<u>(9,863)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>3,259,558</u>	<u>-</u>	<u>-</u>	<u>(9,863)</u>	<u>3,249,695</u>
Capital Assets Being Depreciated:					
Buildings, Systems, and Structures	29,965,493	80,608	-	9,863	30,055,964
Golf Course	6,278,692	-	-	-	6,278,692
Equipment	1,466,867	395,650	-	-	1,862,517
Vehicles	26,932	-	-	-	26,932
Tractors, Trailers, and Mowers	<u>1,070,640</u>	<u>107,369</u>	<u>(51,381)</u>	<u>-</u>	<u>1,126,628</u>
Total Capital Assets Being Depreciated	<u>38,808,624</u>	<u>583,627</u>	<u>(51,381)</u>	<u>9,863</u>	<u>39,350,733</u>
Less Accumulated Depreciation:					
Buildings, Systems, and Structures	(6,652,354)	(641,341)	-	-	(7,293,695)
Golf Course	(2,950,096)	(129,032)	-	-	(3,079,128)
Equipment	(1,187,624)	(111,882)	-	-	(1,299,506)
Vehicles	(22,363)	(3,655)	-	-	(26,018)
Tractors, Trailers, and Mowers	<u>(766,213)</u>	<u>(89,302)</u>	<u>51,381</u>	<u>-</u>	<u>(804,134)</u>
Total Accumulated Depreciation	<u>(11,578,650)</u>	<u>(975,212)</u>	<u>51,381</u>	<u>-</u>	<u>(12,502,481)</u>
Total Capital Assets Being Depreciated, Net	<u>27,229,974</u>	<u>(391,585)</u>	<u>-</u>	<u>9,863</u>	<u>26,848,252</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,489,532</u>	<u>\$ (391,585)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,097,947</u>

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

Governmental Activities:	
Park Operations	\$ 1,340,502
Forestry	<u>23,286</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,363,788</u>
Business-Type Activities:	
King's Walk Golf Course	\$ 316,942
Lincoln Golf Course	69,187
Choice Health & Fitness	<u>589,083</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 975,212</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 4 CONTRACT AND SPONSORSHIPS RECEIVABLE

Annually the District enters into contracts with various sponsors for advertising within the District locations. Contract and sponsorships receivable will be received in periodic installments in accordance with the individual contracts through December 31, 2027 as follows:

2023	\$	325,253
2024		289,731
2025		101,008
2026		72,300
2027		72,001
		<u>860,293</u>
	\$	<u>860,293</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, Northern Valley Law Enforcement Memorial, and Veterans Memorial Park and are due according to the following schedule:

Receivable in less than one year	\$	460,502
Receivable in one to five years		1,944,963
Receivable in more than five years		<u>2,113,115</u>
	\$	<u>4,518,580</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 \$1,298,812 at December 31, 2022.

Management estimates an allowance for uncollectible pledges to be \$185,208 at December 31, 2022.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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The Foundation issued Lease Revenue Bond Series 2013B to provide permanent financing for ICON Sports Center. The Foundation will lease ICON Sports Center to the District pursuant to the lease agreement.

	Date of Issue	Original Amount	Interest Rate	Maturity Date	Balance 12/31/22
<u>Governmental Activities:</u>					
Refunding Improvement Bonds, Series 2021A	4/30/2021	\$ 2,970,000	5.00%	5/1/2027	\$ 2,490,000
Refunding Improvement Bonds, Series 2021B	4/30/2021	5,505,000	2.00%	5/1/2031	5,245,000
Contracts Payable - ICON Holdings, LLC	9/2/2014	716,750	4.50%	12/31/2024	170,083
Contracts Payable - City of Grand Forks	6/6/2017	<u>590,461</u>	3.00%	12/31/2041	<u>448,751</u>
Total Governmental Activities		<u>\$ 9,782,211</u>			<u>\$ 8,353,834</u>

	Date of Issue	Original Amount	Interest Rate	Maturity Date	Balance 12/31/22
<u>Business-Type Activities:</u>					
Lease Revenue Bonds, Series 2013B	12/12/2013	6,845,000	3.00%-4.25%	10/1/2033	2,760,000
Wellness Center Revenue Refunding Bonds, Series 2015	4/28/2015	<u>20,975,000</u>	2.00%-3.50%	12/1/2036	<u>15,010,000</u>
Total Business-Type Activities		<u>\$27,820,000</u>			<u>\$ 17,770,000</u>

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 2021A		Refunding Improvement Bonds, Series 2021B		ICON Holdings, LLC Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 510,000	\$ 111,750	\$ 270,000	\$ 102,200	\$ 83,139	\$ 6,264
2024	530,000	85,750	275,000	96,750	86,944	2,459
2025	560,000	58,500	280,000	91,200	-	-
2026	585,000	29,875	285,000	85,550	-	-
2027	305,000	7,625	540,000	77,300	-	-
2028-2032	-	-	3,595,000	137,950	-	-
2033-2037	-	-	-	-	-	-
2038-2041	-	-	-	-	-	-
	<u>\$ 2,490,000</u>	<u>\$ 293,500</u>	<u>\$ 5,245,000</u>	<u>\$ 590,950</u>	<u>\$ 170,083</u>	<u>\$ 8,723</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Governmental Activities

Year Ending December 31,	City of Grand Forks			
	Contracts Payable		Total	
	Principal	Interest	Principal	Interest
2023	\$ 23,618	\$ 13,463	\$ 886,757	\$ 233,677
2024	23,618	12,754	915,562	197,713
2025	23,618	12,045	863,618	161,745
2026	23,618	11,337	893,618	126,762
2027	23,618	10,628	868,618	95,553
2028-2032	118,090	42,513	3,713,090	180,463
2033-2037	118,090	24,799	118,090	24,799
2038-2041	94,481	7,085	94,481	7,085
	<u>\$ 448,751</u>	<u>\$ 134,624</u>	<u>\$ 8,353,834</u>	<u>\$ 1,027,797</u>

Business-Type Activities

Year Ending December 31,	Lease Revenue Bonds, Series 2013B		Wellness Center Revenue Refunding Bonds, Series 2015		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2023	\$ 390,000	\$ 105,126	\$ 890,000	\$ 477,275	\$ 1,280,000
2024	200,000	93,426	915,000	450,575	1,115,000	544,001
2025	205,000	87,176	940,000	423,125	1,145,000	510,301
2026	215,000	80,002	970,000	394,925	1,185,000	474,927
2027	220,000	72,208	995,000	365,825	1,215,000	438,033
2028-2032	1,250,000	219,896	5,390,000	1,359,875	6,640,000	1,579,771
2033-2036	280,000	11,900	4,910,000	427,119	5,190,000	439,019
	<u>\$ 2,760,000</u>	<u>\$ 669,734</u>	<u>\$ 15,010,000</u>	<u>\$ 3,898,719</u>	<u>\$ 17,770,000</u>	<u>\$ 4,568,453</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>Balance</u> <u>1/1/2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities:</i>					
Bonds Payable:					
Bonds	\$ 8,475,000	\$ -	\$ (740,000)	\$ 7,735,000	\$ 780,000
Unamortized Bond Premium	723,857	-	(109,802)	614,055	-
Contract Payable	721,953	-	(103,119)	618,834	106,757
Net Pension Liability:					
Single Employer Plan	885,414	1,503,751	-	2,389,165	-
NDPERS	1,349,784	2,680,917	-	4,030,701	-
Net OPEB Liability	67,550	89,423	-	156,973	-
Compensated Absences	339,010	237,660	(264,180)	312,490	264,000
Governmental Activities Long-Term Liabilities	<u>\$ 12,562,568</u>	<u>\$ 4,511,751</u>	<u>\$ (1,217,101)</u>	<u>\$ 15,857,218</u>	<u>\$ 1,150,757</u>
<i>Business Type Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 19,055,000	\$ -	\$ (1,285,000)	\$ 17,770,000	\$ 1,280,000
Unamortized Bond Premium	220,201	-	(16,181)	204,020	-
Net Pension Liability:					
NDPERS	551,320	1,095,022	-	1,646,342	-
Net OPEB Liability	27,590	36,526	-	64,116	-
Compensated Absences	272,416	102,167	(111,012)	263,571	111,000
Business-Type Activities Long-Term Liabilities	<u>\$ 20,126,527</u>	<u>\$ 1,233,715</u>	<u>\$ (1,412,193)</u>	<u>\$ 19,948,049</u>	<u>\$ 1,391,000</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 0.29% of the total assessed value of taxable property.

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 7 LEASES

The District governmental funds lease various buildings and land to other entities for specific purposes, the terms of those leases are as follows:

<u>Lease Type</u>	<u>Commencing</u>	<u>Terminating</u>	<u>Payment Frequency</u>	<u>Payment amount</u>
Land	8/1/2022	8/1/2042	Annual	\$ 1,000
Land	8/1/2022	12/31/2024	Bi-Annually	5,500
Land	3/21/2014	3/21/2038	Monthly	920
Building	10/1/2022	9/30/2024	Annual	10,000

	<u>Year Ended</u> <u>12/31/2022</u>
Lease Revenue	
Building	\$ 2,433
Land	16,080
Total Lease Revenue	18,513
Interest Revenue	6,184
Total	<u>\$ 24,697</u>

Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2023	\$ 26,860	\$ 6,680	\$ 33,540
2024	29,152	6,268	35,420
2025	8,247	5,449	13,696
2026	9,747	5,199	14,946
2027	9,044	4,902	13,946
2028-2032	57,243	19,787	77,030
2033-2037	77,913	9,735	87,647
2038-2042	22,759	579	23,339
Total	<u>\$ 240,965</u>	<u>\$ 58,599</u>	<u>\$ 299,564</u>

The District proprietary funds lease various buildings to other entities for specific purposes, the terms of those leases are as follows:

<u>Lease Type</u>	<u>Commencing</u>	<u>Terminating</u>	<u>Payment Frequency</u>	<u>Payment amount</u>
Building	8/1/2022	7/31/2028	Annual	\$ 68,000

	<u>Year Ended</u> <u>12/31/2022</u>
Lease Revenue	
Building	\$ 27,964
Total Lease Revenue	27,964
Interest Revenue	4,242
Total	<u>\$ 32,206</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2023	\$ 57,729	\$ 10,271	\$ 68,000
2024	62,485	8,515	71,000
2025	67,386	6,614	74,000
2026	72,435	4,565	77,000
2027	<u>77,639</u>	<u>2,361</u>	<u>80,000</u>
Total	<u>\$ 337,674</u>	<u>\$ 32,326</u>	<u>\$ 370,000</u>

NOTE 8 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, 2022, the reserve account was properly funded with an ending balance of \$1,505,790.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2022, is as follows:

Due from / to other funds:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Choice Health & Fitness	Foundation	\$ 2,980,859

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	\$ 2,760,000

The Foundation issued Lease Revenue Bond 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>		
2023	\$ 390,000	\$ 105,126
2024	200,000	93,426
2025	205,000	87,176
2026	215,000	80,002
2027	220,000	72,208
2028-2032	1,250,000	219,896
2033-2033	<u>280,000</u>	<u>11,900</u>
	<u>\$ 2,760,000</u>	<u>\$ 669,734</u>

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Interfund transfers were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 130,017	\$ 890,000
Capital Projects Fund	688,892	726,726
Lincoln Golf Course	75,000	-
King's Walk Golf Course	365,000	-
Choice Health & Fitness	1,054,000	-
Foundation	328,065	1,024,248
Total	\$ 2,640,974	\$ 2,640,974

In accordance with the agreement between the Foundation and the Capital Projects Fund, the Capital Projects fund transferred \$117,726 to the Foundation for the current year interest payment on the Series 2013B debt issuance. 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 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, 2022, the Capital Projects Fund had a deficit fund balance of \$- . 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.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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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, 2022

Non-expendable Donations:

The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	<u>\$ 211,667</u>
Total endowment funds classified as non-expendable	<u>\$ 211,667</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.

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NOTE 12 UNEARNED REVENUE

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

	Governmental Activities	Business-Type Activities
Prepaid Scheduled Ice Time	\$ 104,238	\$ -
Advanced Deposits	-	608,464
Total	\$ 104,238	\$ 608,464

NOTE 13 UNAVAILABLE REVENUE

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

	Governmental Activities
Taxes Receivable	\$ 150,614
Sponsorship Receivable	915,055
Other	77,684
Total	\$ 1,143,353

Sponsorship receivable consists of sponsorships paid and contracts signed for the years following December 31, 2022.

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.

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“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.

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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or beneficiaries currently receiving benefits	25
Inactive Employees entitled to but not yet receiving benefits	7
Active Employees	<u>19</u>
	<u><u>51</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, 2022, the District reported a liability of \$2,389,165 for the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and rolled forward to December 31, 2022.

For the year ended December 31, 2022, the District recognized pension expense of \$144,996. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 662,366	\$ -
Total	\$ 662,366	\$ -

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

	Pension Expense	
Year ending December 31:	Amount	
2023	\$	(18,107)
2024		120,216
2025		202,493
2026		357,764

Actuarial Assumptions

The total pension liability in the January 1, 2022 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

The discount rate used to measure the total pension liability was 7.0 percent as of December 31, 2022. 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, 2022 Actuarial Valuation Report.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Position Liability (a)	Fiduciary Net Position (b)	Position Liability (a) - (b)
Balances at 1/1/2022	\$ 10,781,647	\$ 9,896,233	\$ 885,414
Changes for the Year:			
Service Cost	56,809	-	56,809
Interest	734,469	-	734,469
Contributions - Employer	-	318,000	(318,000)
Contributions - Employee	-	56,238	(56,238)
Net Investment Income	-	(1,108,090)	1,108,090
Differences Between Expected and Actual Experience	(46,542)	-	(46,542)
Benefit Payments, Including Refunds of Employee Contributions	(692,080)	(692,080)	-
Administrative Expenses	-	(25,163)	25,163
Net Changes	<u>52,656</u>	<u>(1,451,095)</u>	<u>1,503,751</u>
Balances at 12/31/2022	<u>\$ 10,834,303</u>	<u>\$ 8,445,138</u>	<u>\$ 2,389,165</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:	\$ 3,490,507	\$ 2,389,165	\$ 1,446,713

NOTE 15 DEFINED BENEFIT PENSION PLAN – 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

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Pension 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.

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:

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- 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, 2022, the District reported a liability of \$5,677,043 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.19712%. At June 30, 2021, the District's proportion was 0.18240%.

For the year ended December 31, 2022, the District recognized pension expense of \$848,495. At December 31, 2022, 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	\$ 29,613	\$ 108,441
Changes in actuarial assumptions	3,394,955	2,104,684
Difference between projected and actual investment earnings	207,778	-
Changes in proportion	280,975	38,608
Contributions paid to NDPERS subsequent to the measurement date	91,622	-
Total	\$ 4,004,943	\$ 2,251,733

The \$91,622 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, 2023.

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
2023	\$ 479,323
2024	531,223
2025	92,020
2026	559,022

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Actuarial Assumptions

The total pension liability in the July 1, 2022 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	5.1%, 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%	5.75%
International Equity	21.00%	6.45%
Private Equity	7.00%	9.20%
Domestic Fixed Income	23.00%	0.34%
Global Real Assets	19.00%	4.35%

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 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).

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For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.1%.

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 5.10 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 (4.10 percent) or 1 percentage point higher (6.10 percent) than the current rate:

	1% Decrease in Discount Rate (4.10%)	Discount Rate (5.10%)	1% Increase in Discount Rate (6.10%)
District's proportionate share of the NDPERS net pension liability:	\$ 7,493,307	\$ 5,677,043	\$ 4,185,954

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.

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

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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, 2022, the District reported a liability of \$221,089 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.184193 percent, which was an increase of .013129 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized OPEB expense of \$40,166. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,240	\$ 1,901
Changes in actuarial assumptions	55,690	-
Difference between projected and actual earnings on OPEB plan investments	29,769	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,086	1,135
Employer Contributions subsequent to the measurement date	14,671	-
Total	\$ 117,456	\$ 3,036

The \$14,671 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, 2023.

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

<u>Year ending December 31:</u>	<u>Pension Expense</u>	<u>Amount</u>
2023	\$	26,547
2024		24,974
2025		21,447
2026		26,781

Actuarial assumptions. The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%	
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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Bond US Equity	39.00%	5.75%
International Equities	26.00%	6.00%
Core-Plus Fixed Income	35.00%	0.22%

Discount rate. The discount rate used to measure the total OPEB liability was 5.39%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

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, 2022, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease in Discount Rate (4.39%)	Discount Rate (5.39%)	1% Increase in Discount Rate (6.39%)
District's proportionate share of the net OPEB liability:	\$ 282,206	\$ 221,089	\$ 169,782

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.

NOTE 18 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 19 MEMBERSHIP SHARING WITH ALTRU FAMILY YMCA

The District is a party in an agreement with the Altru Family YMCA, in which Choice Health & Fitness shares membership revenues based on an agreement which expires December 31, 2023. For the year ended December 31, 2022 the District paid the Altru Family YMCA \$205,583 under this agreement.

NOTE 20 SHARED USE AGREEMENT

The District has entered into a shared use agreement with a local school district in a mutually beneficial agreement to utilize land and facilities. The agreement allows for both entities to use specific properties owned by either entity for the benefit of local children. The agreement calls for net fees being paid to the District in the amount of \$119,350 for the year ended December 31, 2022.

NOTE 21 COMMITMENTS

The District has entered into contracts for various construction projects. As of December 31, 2022 the District has commitments of \$212,824 for various construction projects.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 22 CHANGE IN ACCOUNTING PRINCIPLES

The District implemented GASB Statement No. 87, Leases in the year ended December 31, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset.

The adoption of GASB 87 resulted in the recognition of a lease receivable and a deferred inflow of resources of \$186,116 in the governmental activities and the general fund as of January 1, 2022. Results for periods prior to January 1, 2022 continue to be reported in accordance with the District's historical accounting treatment. See note 7 for expanded disclosures regarding the District's leases.

NOTE 23 NEW PRONOUNCEMENTS

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. 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 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. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 24 SUBSEQUENT EVENTS

On February 6, 2023 the District approve construction contracts of \$741,539 for renovations to Eagles Arena.

PARK DISTRICT OF THE CITY OF GRAND FORKS
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO NDPERS AND 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%
2021	317,313	402,000	84,687	1,040,192	38.65%
2022	168,520	318,000	149,480	927,771	34.28%
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%
2021	159,748	159,748	-	2,243,654	7.12%
2022	171,317	171,317	-	2,406,136	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 NDPERS 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%
2021	0.182400%	1,901,104	2,175,632	87.38%	78.26%
2022	0.197120%	5,677,043	2,288,183	248.10%	54.47%

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 – SINGLE EMPLOYER PLAN
LAST 10 YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Service Cost	\$ 56,809	\$ 63,470	\$ 60,915	\$ 69,068	\$ 55,532	\$ 51,356	\$ 53,042	\$ 65,304
Interest	734,469	730,065	692,880	678,667	701,298	639,065	613,350	600,859
Differences Between Expected and Actual Experience	(46,542)	(145,334)	256,193	(63,683)	(395,310)	47,709	177,548	-
Changes of Assumptions	-	(2,777)	(19,492)	(22,897)	665,934	743,710	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(692,080)</u>	<u>(459,621)</u>	<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	52,656	185,803	526,437	225,315	673,787	984,860	299,293	215,289
Total Pension Liability - Beginning	<u>10,781,647</u>	<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>	<u>7,670,863</u>
Total Pension Liability - Ending (a)	<u>\$ 10,834,303</u>	<u>\$ 10,781,647</u>	<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	\$ 318,000	\$ 402,000	\$ 402,000	\$ 318,000	\$ 318,000	\$ 210,000	\$ 210,000	\$ 210,000
Contributions - Employee	56,238	62,178	67,435	65,266	68,781	69,545	74,628	79,340
Net Investment Income	(1,108,090)	1,373,896	944,632	1,148,064	(222,691)	987,588	392,405	67,259
Benefit Payments, Including Refunds of Employee Contributions	(692,080)	(459,621)	(464,059)	(435,840)	(353,667)	(496,980)	(544,647)	(450,874)
Administrative Expenses	<u>(25,163)</u>	<u>(32,625)</u>	<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	(1,451,095)	1,345,828	920,457	1,070,713	(201,229)	754,583	118,920	(113,070)
Plan Fiduciary Net Position - Beginning	<u>9,896,233</u>	<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>	<u>6,000,031</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,445,138</u>	<u>\$ 9,896,233</u>	<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>\$ 2,389,165</u>	<u>\$ 885,414</u>	<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	77.95%	91.79%	80.70%	75.77%	66.63%	73.72%	73.37%	74.65%
Covered Employee Payroll	\$ 927,771	\$ 1,040,192	\$ 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	257.52%	85.12%	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 NDPERS 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%
2021	25,578	25,578	-	2,243,654	1.14%
2022	27,430	27,430	-	2,406,136	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 NDPERS 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%
2021	0.171064%	95,141	1,865,039	5.10%	76.63%
2022	0.184193%	221,089	1,901,620	11.63%	56.28%

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, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local Property Taxes	\$ 6,834,800	\$ 6,813,478	\$ (21,322)
State Revenues	800,000	1,083,498	283,498
Program Income	1,266,700	1,409,025	142,325
Investment Earnings	35,000	54,731	19,731
Sponsorship	301,500	350,081	48,581
Donations	300	-	(300)
Miscellaneous	29,000	253,513	224,513
	<u>9,267,300</u>	<u>9,964,326</u>	<u>697,026</u>
EXPENDITURES			
Current:			
Park Operations	5,466,800	5,385,456	81,344
Forestry	1,151,200	1,138,569	12,631
Recreation	732,100	748,917	(16,817)
Capital Outlay:			
Capital and Betterment	1,083,000	1,021,841	61,159
Debt Service:			
Principal Retirement	23,600	103,119	(79,519)
Interest Charges	14,200	24,073	(9,873)
	<u>8,470,900</u>	<u>8,421,975</u>	<u>48,925</u>
Excess (Deficiency) of Revenues over Expenditures	<u>796,400</u>	<u>1,542,351</u>	<u>745,951</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	4,000	40,161	36,161
Transfers In	11,000	130,017	119,017
Transfers Out	(690,000)	(890,000)	(200,000)
	<u>(675,000)</u>	<u>(719,822)</u>	<u>(44,822)</u>
Net Change in Fund Balances	121,400	822,529	701,129
Fund Balances - Beginning of Year	<u>2,645,830</u>	<u>2,645,830</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,767,230</u>	<u>\$ 3,468,359</u>	<u>\$ 701,129</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, 2022

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 Director of Finance & Administration 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. The District actual expenditures were less than budgeted in amounts of \$48,925 for the year ended December 31, 2022.

NOTE 2 CHANGES OF ASSUMPTIONS AND BENEFIT TERMS

NDPERS PENSION

Changes of benefit terms.

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (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 increased 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, 2020.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

Changes of assumptions.

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

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, 2020.

Changes of assumptions.

The investment return assumption was decreased from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019.

PARK DISTRICT OF THE CITY OF GRAND FORKS
COMBINING STATEMENT OF BALANCE SHEET – GENERAL FUND
DECEMBER 31, 2022

	General Fund	Forestry Fund	Recreation Fund	Total General Funds
Assets				
Cash	\$ 3,180,341	\$ 572,448	\$ 245,501	\$ 3,998,290
Accounts Receivable	260,723	-	-	260,723
Taxes Receivable	42,508	11,441	4,021	57,970
Contract and Sponsorships Receivable	860,293	-	-	860,293
Interest Receivable	9,410	-	-	9,410
Short Term Lease Receivable	26,860	-	-	26,860
Long Term Lease Receivable	214,105	-	-	214,105
Prepaid Items	100	-	-	100
Total Assets	<u>\$ 4,594,340</u>	<u>\$ 583,889</u>	<u>\$ 249,522</u>	<u>\$ 5,427,751</u>
Liabilities				
Accounts Payable	\$ 424,600	\$ -	\$ -	\$ 424,600
Unearned Revenue	104,238	-	-	104,238
Sales Tax Payable	-	-	219	219
Gift Certificate/Card Payable	29,581	-	-	29,581
Accrued Payroll	43,957	9,411	8,435	61,803
Total Liabilities	<u>602,376</u>	<u>9,411</u>	<u>8,654</u>	<u>620,441</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	81,946	22,057	7,752	111,755
Unavailable Revenue - Contracts and Sponsorships	992,739	-	-	992,739
Deferred Inflows of Resources - Leases	234,457	-	-	234,457
Total Deferred Inflows of Resources	<u>1,309,142</u>	<u>22,057</u>	<u>7,752</u>	<u>1,338,951</u>
Fund Balances				
Nonspendable - Prepaid Expenses	100	-	-	100
Unassigned	2,682,722	552,421	233,116	3,468,259
Total Fund Balances	<u>2,682,822</u>	<u>552,421</u>	<u>233,116</u>	<u>3,468,359</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,594,340</u>	<u>\$ 583,889</u>	<u>\$ 249,522</u>	<u>\$ 5,427,751</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, 2022

	<u>General Fund</u>	<u>Forestry Fund</u>	<u>Recreation Fund</u>	<u>Total General Funds</u>
Revenues				
Local Property Taxes	\$ 5,008,694	\$ 1,334,101	\$ 470,683	\$ 6,813,478
State Revenues	1,083,498	-	-	1,083,498
Program Income	1,158,310	3,250	247,465	1,409,025
Investment Earnings	54,731	-	-	54,731
Sponsorships	333,001	-	17,080	350,081
Miscellaneous	190,861	52,725	9,927	253,513
Total Revenues	<u>7,829,095</u>	<u>1,390,076</u>	<u>745,155</u>	<u>9,964,326</u>
Expenditures				
Current:				
Park Operations	5,385,456	-	-	5,385,456
Forestry	-	1,138,569	-	1,138,569
Recreation	-	-	748,917	748,917
Capital Outlay:				
Capital and Betterment	983,870	37,971	-	1,021,841
Debt Service:				
Principal Retirement	103,119	-	-	103,119
Interest Charges	24,073	-	-	24,073
Total Expenditures	<u>6,496,518</u>	<u>1,176,540</u>	<u>748,917</u>	<u>8,421,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,332,577</u>	<u>213,536</u>	<u>(3,762)</u>	<u>1,542,351</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	40,161	-	-	40,161
Operating Transfers In	112,530	2,650	14,837	130,017
Operating Transfers Out	<u>(890,000)</u>	<u>-</u>	<u>-</u>	<u>(890,000)</u>
Total Other Financing Sources (Uses)	<u>(737,309)</u>	<u>2,650</u>	<u>14,837</u>	<u>(719,822)</u>
Net Change in Fund Balances	595,268	216,186	11,075	822,529
Fund Balance Beginning of Year	<u>2,087,554</u>	<u>336,235</u>	<u>222,041</u>	<u>2,645,830</u>
Fund Balance End of Year	<u>\$ 2,682,822</u>	<u>\$ 552,421</u>	<u>\$ 233,116</u>	<u>\$ 3,468,359</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 remaining fund information of the Park District of the City of Grand Forks, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Park District of the City of Grand Forks' basic financial statements and have issued our report thereon dated March 23, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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 23, 2023