

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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PARK DISTRICT OF THE CITY OF GRAND FORKS
ROSTER OF DISTRICT OFFICIALS
AS OF DECEMBER 31, 2023

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 aggregate remaining fund information of the Park District of the City of Grand Forks as of and for the year ended December 31, 2023, 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 aggregate remaining fund information of the Park District of the City of Grand Forks as of December 31, 2023, 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 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. 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, is the responsibility of management and, 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 21, 2024 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 21, 2024

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023

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, 2023 with comparisons for the year ended December 31, 2022. 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 \$60,537,727 (net position).
- The change in net position from current year activity was an increase of \$4,757,832.
- Total liabilities were \$33,525,299 at December 31, 2023. This is a decrease of \$4,357,597 from the balance at December 31, 2022. 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, 2023

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 2023 and 2022:

Table 1
Statement of Net Position
 December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and Other Assets	\$ 4,900,806	\$ 12,910,538	\$ 17,811,344
Capital Assets, Net	<u>47,986,469</u>	<u>29,331,250</u>	<u>77,317,719</u>
<i>Total Assets</i>	<u>52,887,275</u>	<u>42,241,788</u>	<u>95,129,063</u>
Deferred Outflows of Resources	<u>2,594,511</u>	<u>880,682</u>	<u>3,475,193</u>
Liabilities			
Current Liabilities	963,061	720,430	1,683,491
Long-Term Liabilities:			
Due within One Year	1,135,562	1,300,796	2,436,358
Due in more than One Year	<u>12,493,925</u>	<u>16,911,525</u>	<u>29,405,450</u>
<i>Total Liabilities</i>	<u>14,592,548</u>	<u>18,932,751</u>	<u>33,525,299</u>
Deferred Inflows of Resources	<u>2,428,360</u>	<u>2,112,870</u>	<u>4,541,230</u>
Net Position			
Net Investment in Capital Assets	38,070,272	15,020,901	53,091,173
Restricted	856,221	4,066,421	4,922,642
Unrestricted	<u>(465,615)</u>	<u>2,989,527</u>	<u>2,523,912</u>
<i>Total Net Position</i>	<u>\$ 38,460,878</u>	<u>\$ 22,076,849</u>	<u>\$ 60,537,727</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2023

Table 1 Continued
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	45,452,229	30,097,947	75,550,176
<i>Total Assets</i>	49,574,702	42,167,261	91,741,963
Deferred Outflows of Resources	3,589,269	1,195,496	4,784,765
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	14,706,461	18,557,049	33,263,510
<i>Total Liabilities</i>	16,792,665	21,090,231	37,882,896
Deferred Inflows of Resources	1,835,343	1,028,594	2,863,937
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	(554,599)	2,917,637	2,363,038
<i>Total Net Position</i>	\$ 34,535,963	\$ 21,243,932	\$ 55,779,895

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2023

Table 2
Changes in Net Position
As of December 31, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues			
Charges for Services	\$ 1,196,048	\$ 5,849,225	\$ 7,045,273
Capital Grants and Contributions	406,072	1,760,066	2,166,138
General Revenues			
Property Taxes	9,402,480	-	9,402,480
State Revenues	1,233,026	-	1,233,026
Other	1,539,308	148,647	1,687,955
<i>Total Revenues</i>	<u>13,776,934</u>	<u>7,757,938</u>	<u>21,534,872</u>
Expenses			
Program Expenses			
Park Operations	7,317,323	-	7,317,323
Forestry	1,162,576	-	1,162,576
Recreation	784,098	-	784,098
Interest on Long-Term Debt	118,725	-	118,725
King's Walk Golf Course	-	1,791,808	1,791,808
Lincoln Golf Course	-	551,775	551,775
Choice Health & Fitness Foundation	-	4,830,308	4,830,308
	-	220,427	220,427
<i>Total Expenses</i>	<u>9,382,722</u>	<u>7,394,318</u>	<u>16,777,040</u>
<i>Increase (Decrease) in Net Position Before Transfers</i>	4,394,212	363,620	4,757,832
Transfers	<u>(469,297)</u>	<u>469,297</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	3,924,915	832,917	4,757,832
Net Position Beginning of Year	<u>34,535,963</u>	<u>21,243,932</u>	<u>55,779,895</u>
Net Position End of Year	<u>\$ 38,460,878</u>	<u>\$ 22,076,849</u>	<u>\$ 60,537,727</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2023

Table 2 Continued
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>

Choice Health & Fitness membership revenue continues to rise from the COVID-19 pandemic effected years increasing over \$142,000 from 2022. Choice Health & Fitness has a shared membership agreement with the Altru Family YMCA. Combined members for both organizations started the year with approximately 12,600 members and ended the year with approximately 11,600 members. Members are projected to increase in 2024 as people continue to see the benefits and feel more comfortable being in the facility. The focus in 2024 will continue to be member retention, regain the lost members, and gain new members. Other operating expenses were down over \$153,000 from the budget mainly due to lower utility costs and decreased employee costs to staff the facility. For 2024 we will continue to evaluate current programming and look to augment it 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, 2023

King's Walk Golf Course was open from early May to October 24th in 2023. Total operating revenue increased almost \$254,000 from the 2022 level mainly due to increased popularity of golf and favorable weather most of the golf season. Almost 29,000 rounds were played in 2023, which was up 2,816 rounds from the 2022 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 2024.

Lincoln Golf Course opened at the beginning of May and closed on October 24th in 2023. Total operating revenue increased over \$35,600 compared to the 2022 level mainly due to increased popularity of golf, favorable weather, and minimal Red River flooding. Over 19,800 rounds were played in 2023, which was up over 850 rounds from the 2022 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 2023.

Original and final budgeted revenues for the general fund in 2023 were \$9,945,600 and the actual revenues were \$10,599,868. The major factor contributing to the increase of actual revenues over budgeted revenues in 2023 was due to an increase in state revenues, investment earnings and ice arena rentals. State revenue received was over \$243,000 over budget and ice arena rentals were almost \$56,000 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 2023 were \$8,747,300 and the actual expenditures were \$7,958,140. 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, 2023

Capital Assets

Table 3
Capital Assets at December 31, 2023
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,254,623	\$ 3,249,695	\$ 7,504,318
Land Improvements	15,088,476	-	15,088,476
Buildings, Systems, and Structures	24,707,647	22,134,221	46,841,868
Golf Course	-	3,070,638	3,070,638
Equipment	652,307	500,443	1,152,750
Vehicles	380,953	-	380,953
Tractors, Trailers, and Mowers	764,821	305,852	1,070,673
Subscription-Based Information Technology Arrangements	-	70,401	70,401
Construction in Progress	<u>2,137,642</u>	<u>-</u>	<u>2,137,642</u>
<i>Totals</i>	<u>\$ 47,986,469</u>	<u>\$ 29,331,250</u>	<u>\$ 77,317,719</u>

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	<u>1,156,643</u>	<u>-</u>	<u>1,156,643</u>
<i>Totals</i>	<u>\$ 45,452,229</u>	<u>\$ 30,097,947</u>	<u>\$ 75,550,176</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, 2023

Long-Term Liabilities

At the end of the current fiscal year, the District had total bonded debt outstanding of \$24,137,091, contract payable of \$512,076, net pension liabilities of \$6,384,266, net other postemployment benefit liabilities of \$193,091, subscription-based information technology arrangement of \$48,638 and compensated absences of \$545,230.

Table 4
Outstanding Liabilities at December 31, 2023

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 7,459,253	\$ -	\$ 7,459,253
Revenue Bonds	-	16,677,838	16,677,838
Contract Payable	512,076	-	512,076
Net Pension Liability	5,208,579	1,175,687	6,384,266
Net Other Postemployment Benefit Liability	137,094	55,997	193,091
Subscription-Based Information Technology Arrangement	-	48,638	48,638
Compensated Absences	312,485	232,745	545,230
Total	\$ 13,629,487	\$ 18,190,905	\$ 31,820,392

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
Subscription-Based Information Technology Arrangement	-	91,521	91,521
Compensated Absences	312,490	263,571	576,061
Total	\$ 15,857,218	\$ 20,039,570	\$ 35,896,788

The District's total debt decreased by \$4,076,396 during the current fiscal year, primarily due to decrease in the net pension liabilities and 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, 2023

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 current ideas bring requests for diverse types of recreation and other facilities. For the coming year, the District feels they will be able to address requests with its current budget. In 2023 the District partnered with the City of Grand Forks to conduct a feasibility study for an indoor aquatic and sports facility that showed a desire to provide additional amenities. The citizens of Grand Forks approved the extension of the ¾% Alerus Center sales tax through a city-wide vote. The City of Grand Forks owned facility being planned south of the Alerus Center is being proposed to be operated by the District.

For 2024, the District will continue to expand and improve facilities to meet demand. The Grand Valley development will add a park and playground. The Kraft Field grandstand project will be completed for play in the spring including new seating, press box, concessions, restrooms, storage, and players room and the infield turf will be replaced in late summer. The Snookie Register Tennis Court viewing area will be completed to create a safer and more enjoyable experience for participants and fans. The Paukert Tennis Complex at Riverside Park will be resurfaced and have cracks repaired and then have other improvements added including bleachers, restroom facility, and entrance improvements. At Abbott Complex a tennis court and two pickleball courts will be converted and reconfigured to six pickleball courts.

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, has increased for three straight years. The District budgeted to slightly increase the reserves in the government funds for 2024 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, 2023

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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 5,909,245	\$ 2,009,772	\$ 7,919,017
Investments	-	959,004	959,004
Restricted Cash & Investments with Fiscal Agent	-	1,503,885	1,503,885
Accounts Receivable, Net	305,849	86,022	391,871
Pledges Receivable, Net	-	4,679,565	4,679,565
Taxes Receivable	125,520	-	125,520
Contract and Sponsorships Receivable	715,453	-	715,453
Interest Receivable	634	5,856	6,490
Short Term Lease Receivable	29,152	242,158	271,310
Long Term Lease Receivable	184,953	973,500	1,158,453
Inventory	-	80,776	80,776
Internal Balances	(2,370,000)	2,370,000	-
Nondepreciable Capital Assets	21,480,741	3,249,695	24,730,436
Depreciable/Amortizable Capital Assets, Net	<u>26,505,728</u>	<u>26,081,555</u>	<u>52,587,283</u>
Total Assets	<u>52,887,275</u>	<u>42,241,788</u>	<u>95,129,063</u>
Deferred Outflows of Resources			
Deferred Outflows of Resources - NDPERS	2,095,714	855,995	2,951,709
Deferred Outflows of Resources - Single Employer Plan	438,356	-	438,356
Deferred Outflows of Resources - OPEB NDPERS	60,441	24,687	85,128
Total Deferred Outflows of Resources	<u>2,594,511</u>	<u>880,682</u>	<u>3,475,193</u>
Liabilities			
Accounts Payable	729,217	2,139	731,356
Pledges Payable	-	257,689	257,689
Sales Tax Payable	196	4,467	4,663
Gift Certificates/Cards Payable	29,770	133,176	162,946
Accrued Payroll	62,033	85,716	147,749
Accrued Interest Payable	33,083	61,432	94,515
Unearned Revenue	108,762	175,811	284,573
Non Current Liabilities:			
Due Within One Year	1,135,562	1,300,796	2,436,358
Due in More than One Year	<u>12,493,925</u>	<u>16,911,525</u>	<u>29,405,450</u>
Total Liabilities	<u>14,592,548</u>	<u>18,932,751</u>	<u>33,525,299</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources - NDPERS	2,213,622	904,155	3,117,777
Deferred Inflows of Resources - OPEB NDPERS	13,424	5,483	18,907
Deferred Inflows of Resources - Leases	<u>201,314</u>	<u>1,203,232</u>	<u>1,404,546</u>
Total Deferred Inflows of Resources	<u>2,428,360</u>	<u>2,112,870</u>	<u>4,541,230</u>
Net Position			
Net Investment in Capital Assets	38,070,272	15,020,901	53,091,173
Restricted: Non-expendable - Endowments	-	211,567	211,567
Restricted for:			
Debt Service	856,221	1,377,646	2,233,867
Repairs and Replacement	-	126,239	126,239
Pledges	-	2,350,969	2,350,969
Unrestricted	<u>(465,615)</u>	<u>2,989,527</u>	<u>2,523,912</u>
Total Net Position	<u>\$ 38,460,878</u>	<u>\$ 22,076,849</u>	<u>\$ 60,537,727</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, 2023

	<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	\$ 7,317,323	\$ 914,490	\$ -	\$ 406,072	\$ (5,996,761)	\$ -	\$ (5,996,761)
Forestry	1,162,576	3,350	-	-	(1,159,226)	-	(1,159,226)
Recreation	784,098	278,208	-	-	(505,890)	-	(505,890)
Interest on Long-Term Debt	118,725	-	-	-	(118,725)	-	(118,725)
Total Governmental Activities	<u>9,382,722</u>	<u>1,196,048</u>	<u>-</u>	<u>406,072</u>	<u>(7,780,602)</u>	<u>-</u>	<u>(7,780,602)</u>
Business-Type Activities							
King's Walk Golf Course	1,791,808	1,764,907	-	-	-	(26,901)	(26,901)
Lincoln Golf Course	551,775	398,275	-	-	-	(153,500)	(153,500)
Choice Health & Fitness Foundation	4,830,308	3,686,043	-	117,154	-	(1,027,111)	(1,027,111)
	220,427	-	-	1,642,912	-	1,422,485	1,422,485
Total Business- Type Activities	<u>7,394,318</u>	<u>5,849,225</u>	<u>-</u>	<u>1,760,066</u>	<u>-</u>	<u>214,973</u>	<u>214,973</u>
Total Primary Government	<u>\$ 16,777,040</u>	<u>\$ 7,045,273</u>	<u>\$ -</u>	<u>\$ 2,166,138</u>	<u>(7,780,602)</u>	<u>214,973</u>	<u>(7,565,629)</u>
General Revenues:							
Property Taxes - General					7,170,411	-	7,170,411
Property Taxes - Debt Service					999,236	-	999,236
Property Taxes - Capital Projects					1,232,833	-	1,232,833
Grants and Entitlements not Restricted to Specific Programs					1,233,026	-	1,233,026
Investment Earnings (losses)					377,917	147,147	525,064
Miscellaneous					1,130,595	-	1,130,595
Gain on Sale of Capital Assets					30,796	1,500	32,296
Transfers					(469,297)	469,297	-
Total General Revenues and Transfers					<u>11,705,517</u>	<u>617,944</u>	<u>12,323,461</u>
Change in Net Position					3,924,915	832,917	4,757,832
Net Position- Beginning					<u>34,535,963</u>	<u>21,243,932</u>	<u>55,779,895</u>
Net Position- End of Year					<u>\$ 38,460,878</u>	<u>\$ 22,076,849</u>	<u>\$ 60,537,727</u>

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ 4,058,456	\$ 876,138	\$ 974,653	\$ 5,909,247
Accounts Receivable	289,419	-	16,430	305,849
Grant Receivable	-	-	-	-
Taxes Receivable	95,799	13,166	16,554	125,519
Contract and Sponsorships Receivable	715,453	-	-	715,453
Interest Receivable	634	-	-	634
Short Term Lease Receivable	29,152	-	-	29,152
Long Term Lease Receivable	184,953	-	-	184,953
Total Assets	\$ 5,373,866	\$ 889,304	\$ 1,007,637	\$ 7,270,807
Liabilities				
Accounts Payable	\$ 532,943	\$ -	\$ 196,274	\$ 729,217
Advances From Other Funds	-	-	2,370,000	2,370,000
Sales Tax Payable	196	-	-	196
Gift Certificate/Cards Payable	29,770	-	-	29,770
Unearned Revenue	108,763	-	-	108,763
Accrued Payroll	62,033	-	-	62,033
Total Liabilities	733,705	-	2,566,274	3,299,979
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	90,874	12,726	15,756	119,356
Unavailable Revenue - Contracts and Sponsorships	903,872	-	-	903,872
Deferred Inflows of Resources - Leases	201,314	-	-	201,314
Total Deferred Inflows of Resources	1,196,060	12,726	15,756	1,224,542
Fund Balances				
Restricted For:				
Debt Service	-	876,578	-	876,578
Unassigned	3,444,101	-	(1,574,393)	1,869,708
Total Fund Balances	3,444,101	876,578	(1,574,393)	2,746,286
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,373,866	\$ 889,304	\$ 1,007,637	\$ 7,270,807

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, 2023

Total Governmental Funds Balance \$ 2,746,286

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. 47,986,469

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	903,872
Property Taxes	<u>119,356</u>

Total 1,023,228

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	438,356
Deferred Outflows of Resources - Pension - NDPERS	2,095,714
Deferred Outflows of Resources - OPEB - NDPERS	60,441
Deferred Inflows of Resources - Pension - NDPERS	(2,213,622)
Deferred Inflows of Resources - OPEB - NDPERS	<u>(13,424)</u>

Total 367,465

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

Accrued Interest	(33,083)
Compensated Absences	(312,485)
Contract Payable	(512,076)
Premium on Bonds Payable	(504,253)
Net Pension Liability - NDPERS	(2,878,406)
Net Pension Liability - Single Employer Plan	(2,330,173)
Net OPEB Liability - NDPERS	(137,094)
General Obligation Bonds	<u>(6,955,000)</u>

Total (13,662,570)

Net Position of Governmental Activities \$ 38,460,878

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, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local Property Taxes	\$ 7,139,150	\$ 999,236	\$ 1,232,833	\$ 9,371,219
State Revenues	1,233,026	-	-	1,233,026
Program Income	1,347,433	-	-	1,347,433
Investment Earnings	377,917	-	-	377,917
Sponsorships	399,152	-	-	399,152
Donations and Grants	-	-	1,034,126	1,034,126
Miscellaneous	103,190	200	-	103,390
Total Revenues	<u>10,599,868</u>	<u>999,436</u>	<u>2,266,959</u>	<u>13,866,263</u>
Expenditures				
Current:				
Park Operations	5,125,751	-	-	5,125,751
Forestry	1,136,025	-	-	1,136,025
Recreation	784,098	-	-	784,098
Capital Outlay:				
Capital and Betterment	785,782	65,575	3,519,671	4,371,028
Debt Service:				
Principal Retirement	106,758	780,000	-	886,758
Interest Charges	19,726	213,950	-	233,676
Total Expenditures	<u>7,958,140</u>	<u>1,059,525</u>	<u>3,519,671</u>	<u>12,537,336</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,641,728</u>	<u>(60,089)</u>	<u>(1,252,712)</u>	<u>1,328,927</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	39,207	-	-	39,207
Operating Transfers In	38,807	-	2,649,022	2,687,829
Operating Transfers Out	<u>(2,744,000)</u>	-	<u>(413,126)</u>	<u>(3,157,126)</u>
Total Other Financing Sources (Uses)	<u>(2,665,986)</u>	<u>-</u>	<u>2,235,896</u>	<u>(430,090)</u>
Net Change in Fund Balances	(24,258)	(60,089)	983,184	898,837
Fund Balance Beginning of Year	<u>3,468,359</u>	<u>936,667</u>	<u>(2,557,577)</u>	<u>1,847,449</u>
Fund Balance End of Year	<u>\$ 3,444,101</u>	<u>\$ 876,578</u>	<u>\$ (1,574,393)</u>	<u>\$ 2,746,286</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, 2023

Net Change in Fund Balance - Total Governmental Funds \$ 898,837

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	\$ (8,411)	
Capital Asset Additions	3,921,730	
Current Year Depreciation	<u>(1,379,079)</u>	
Total		2,534,240

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

Property Taxes		(31,259)
Contracts and Sponsorship Receivable		(88,867)

Change in deferred outflows and inflows of resources related to:

Net Pension Liability		(1,586,698)
Net NDPERS OPEB Liability		(34,220)

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	5,150	
Amortization of Bond Premium	109,802	
Principal Payment on Bonds Payable	780,000	
Principal Payment on Notes Payable	106,758	
Change in Compensated Absences	5	
Change in Net NDPERS OPEB Liability	19,879	
Change in Net Pension Liability	<u>1,211,288</u>	
Total		<u>2,232,882</u>

Change in Net Position \$ 3,924,915

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities-Enterprise Funds				Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Foundation	
Assets					
Current Assets:					
Cash	\$ 882,480	\$ 81,869	\$ 888,957	\$ 156,468	\$ 2,009,774
Investments	-	-	-	959,004	959,004
Accounts Receivable (Net)	21,286	-	64,736	-	86,022
Short Term Lease Receivable	-	-	242,158	-	242,158
Due From Other Funds	-	-	2,807,418	-	2,807,418
Advances To Other Funds	-	-	-	200,000	200,000
Pledges Receivable (net)	-	-	-	730,226	730,226
Interest Receivable	-	-	5,856	-	5,856
Inventory	73,043	7,733	-	-	80,776
Total Current Assets	<u>976,809</u>	<u>89,602</u>	<u>4,009,125</u>	<u>2,045,698</u>	<u>7,121,234</u>
Non-Current Assets:					
Advances To Other Funds	-	-	-	2,170,000	2,170,000
Restricted Cash & Investments with Fiscal Agent	-	-	1,503,885	-	1,503,885
Long Term Lease Receivable	-	-	973,500	-	973,500
Pledges Receivable, Net of Current Portion	-	-	-	3,949,339	3,949,339
Capital Assets:					
Land	618,820	21,640	2,609,235	-	3,249,695
Buildings, Systems, and Structures	2,376,010	1,009,959	26,686,858	-	30,072,827
Golf Course	5,703,112	575,580	-	-	6,278,692
Equipment	1,482,351	8,000	469,751	-	1,960,102
Vehicles	21,932	5,000	-	-	26,932
Tractors, Trailers, & Mowers	760,603	383,320	-	-	1,143,923
SBITAs	91,521	-	-	-	91,521
Less Accumulated Depreciation & Amortization	<u>(5,614,642)</u>	<u>(1,066,606)</u>	<u>(6,811,196)</u>	<u>-</u>	<u>(13,492,444)</u>
Total Capital Assets (Net of Accumulated Depreciation & Amortization)	<u>5,439,707</u>	<u>936,893</u>	<u>22,954,648</u>	<u>-</u>	<u>29,331,248</u>
Total Non-Current Assets	<u>5,439,707</u>	<u>936,893</u>	<u>25,432,033</u>	<u>6,119,339</u>	<u>37,927,972</u>
Total Assets	<u>6,416,516</u>	<u>1,026,495</u>	<u>29,441,158</u>	<u>8,165,037</u>	<u>45,049,206</u>
Deferred Outflows of Resources					
Deferred Outflows of Resources - NDPERS	88,551	88,551	678,893	-	855,995
Deferred Outflows of Resources - OPEB NDPERS	2,554	2,554	19,579	-	24,687
Total Deferred Outflows of Resources	<u>91,105</u>	<u>91,105</u>	<u>698,472</u>	<u>-</u>	<u>880,682</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, 2023

	Business-Type Activities-Enterprise Funds				Totals
	King's Walk Golf Course	Lincoln Golf Course	Choice Health & Fitness	Foundation	
Liabilities					
Current Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,139	\$ 2,139
Sales Tax Payable	212	-	4,255	-	4,467
Gift Certificate/Cards Payable	98,853	2,387	31,936	-	133,176
Due to Other Funds	-	-	-	2,807,418	2,807,418
Accrued Payroll	46,966	1,301	37,449	-	85,716
Unearned Revenue	-	-	101,458	74,353	175,811
Compensated Absences	42,739	4,931	116,710	-	164,380
Bonds Payable	-	-	915,000	200,000	1,115,000
SBITA Payable	21,416	-	-	-	21,416
Pledges Payable	-	-	-	257,689	257,689
Accrued Interest Payable	527	-	37,548	23,357	61,432
Total Current Liabilities	<u>210,713</u>	<u>8,619</u>	<u>1,244,356</u>	<u>3,364,956</u>	<u>4,828,644</u>
Non-Current Liabilities:					
Compensated Absences, Net of Current	2,665	8,428	57,272	-	68,365
Bonds Payable, Net of Current	-	-	13,325,293	2,237,545	15,562,838
Net Pension Liability	121,623	121,623	932,441	-	1,175,687
NDPERS OPEB Liability	5,793	5,793	44,411	-	55,997
SBITAs Payable, Net of Current	48,638	-	-	-	48,638
Total Non-Current Liabilities	<u>178,719</u>	<u>135,844</u>	<u>14,359,417</u>	<u>2,237,545</u>	<u>16,911,525</u>
Total Liabilities	<u>389,432</u>	<u>144,463</u>	<u>15,603,773</u>	<u>5,602,501</u>	<u>21,740,169</u>
Deferred Inflows of Resources					
Deferred Inflows of Resources - NDPERS	93,533	93,533	717,089	-	904,155
Deferred Inflows of Resources - OPEB NDPERS	567	567	4,349	-	5,483
Deferred Inflows of Resources - Leases	-	-	1,203,232	-	1,203,232
Total Deferred Inflows of Resources	<u>94,100</u>	<u>94,100</u>	<u>1,924,670</u>	<u>-</u>	<u>2,112,870</u>
Net Position					
Net Investment in Capital Assets	5,369,653	936,893	8,714,355	-	15,020,901
Restricted: Non-expendable - Endowments	-	-	-	211,567	211,567
Restricted for:					
Debt Service	-	-	1,377,646	-	1,377,646
Repairs and Replacement	-	-	126,239	-	126,239
Pledges	-	-	-	2,350,969	2,350,969
Unrestricted	654,436	(57,856)	2,392,947	-	2,989,527
Total Net Position	<u>\$ 6,024,089</u>	<u>\$ 879,037</u>	<u>\$ 12,611,187</u>	<u>\$ 2,562,536</u>	<u>\$ 22,076,849</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, 2023

	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	\$ 1,764,907	\$ 398,275	\$ 3,686,043	\$ -	\$ 5,849,225
Donations/Sponsorships	-	-	-	1,642,912	1,642,912
Total Operating Revenues	<u>1,764,907</u>	<u>398,275</u>	<u>3,686,043</u>	<u>1,642,912</u>	<u>7,492,137</u>
Operating Expenses:					
Costs of Sales and Services	752,250	301,997	2,278,726	125,153	3,458,126
Administration	670,744	181,434	1,497,519	-	2,349,697
Total Operating Expenses	<u>1,422,994</u>	<u>483,431</u>	<u>3,776,245</u>	<u>125,153</u>	<u>5,807,823</u>
Operating Income (Loss) before Depreciation	<u>341,913</u>	<u>(85,156)</u>	<u>(90,202)</u>	<u>1,517,759</u>	<u>1,684,314</u>
Depreciation and Amortization	<u>366,354</u>	<u>68,344</u>	<u>588,266</u>	<u>-</u>	<u>1,022,964</u>
Operating Income (Loss)	<u>(24,441)</u>	<u>(153,500)</u>	<u>(678,468)</u>	<u>1,517,759</u>	<u>661,350</u>
Non-Operating Revenues (Expenses):					
Donations/Sponsorships	-	-	117,154	-	117,154
Interest	-	-	55,498	91,649	147,147
Gain on Disposal of Fixed Assets	-	1,500	-	-	1,500
Bond Expense	(2,460)	-	(465,797)	(95,274)	(563,531)
Total Non-Operating Revenue (Expenses)	<u>(2,460)</u>	<u>1,500</u>	<u>(293,145)</u>	<u>(3,625)</u>	<u>(297,730)</u>
Income (Loss) Before Transfers	<u>(26,901)</u>	<u>(152,000)</u>	<u>(971,613)</u>	<u>1,514,134</u>	<u>363,620</u>
Transfers In	40,000	88,000	1,155,000	120,016	1,403,016
Transfers Out	-	-	-	(933,719)	(933,719)
Total Transfers	<u>40,000</u>	<u>88,000</u>	<u>1,155,000</u>	<u>(813,703)</u>	<u>469,297</u>
Changes in Net Position	13,099	(64,000)	183,387	700,431	832,917
Total Net Position - Beginning	<u>6,010,990</u>	<u>943,037</u>	<u>12,427,800</u>	<u>1,862,105</u>	<u>21,243,932</u>
Total Net Position - Ending	<u>\$ 6,024,089</u>	<u>\$ 879,037</u>	<u>\$ 12,611,187</u>	<u>\$ 2,562,536</u>	<u>\$ 22,076,849</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, 2023

	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	\$ 1,776,260	\$ 398,647	\$ 2,804,989	\$ 1,013,145	\$ 5,993,041
Payments to Suppliers	(774,247)	(302,328)	(2,244,401)	(134,683)	(3,455,659)
Payments to Employees	(661,184)	(171,496)	(608,864)	-	(1,441,544)
Net Cash Provided (Used) by Operating Activities	<u>340,829</u>	<u>(75,177)</u>	<u>(48,276)</u>	<u>878,462</u>	<u>1,095,838</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Due from other Funds	-	-	173,441	-	173,441
Due to other Funds	-	-	-	(173,441)	(173,441)
Transfers from other Funds	40,000	88,000	1,155,000	120,016	1,403,016
Transfer to other Funds	-	-	-	(933,719)	(933,719)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>40,000</u>	<u>88,000</u>	<u>1,328,441</u>	<u>(987,144)</u>	<u>469,297</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Bonds Payable	-	-	(890,000)	(390,000)	(1,280,000)
Proceeds from Advances To Other Funds	-	-	-	390,000	390,000
Principal Paid on SBITA Liabilities	(21,467)	-	-	-	(21,467)
Capital Donations	-	-	117,154	-	117,154
Purchases of Capital Assets	(41,774)	(50,296)	(72,674)	-	(164,744)
Proceeds from Sale of Capital Assets	-	1,500	-	-	1,500
Interest Paid on Debt	(1,933)	-	(477,276)	(105,127)	(584,336)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(65,174)</u>	<u>(48,796)</u>	<u>(1,322,796)</u>	<u>(105,127)</u>	<u>(1,541,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends Received (Paid)	-	-	60,744	91,649	152,393
Net Cash Provided (Used) by Capital Investing Activities	<u>-</u>	<u>-</u>	<u>60,744</u>	<u>91,649</u>	<u>152,393</u>
Net Increase (Decrease) in Cash and Cash Equivalents	315,655	(35,973)	18,113	(122,160)	175,635
Cash and Investments, January 1	566,825	117,842	2,374,729	1,237,632	4,297,028
Cash and Investments, December 31	<u>\$ 882,480</u>	<u>\$ 81,869</u>	<u>\$ 2,392,842</u>	<u>\$ 1,115,472</u>	<u>\$ 4,472,663</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (24,441)	\$ (153,500)	\$ (678,468)	\$ 1,517,759	\$ 661,350
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	366,354	68,344	588,266	-	1,022,964
Effects on Operating Cash Flows Due to Changes in:					
Accounts Receivable	(2,395)	-	(3,124)	3,991	(1,528)
Short Term Lease Receivable	-	-	(184,429)	-	(184,429)
Long Term Lease Receivable	-	-	(693,555)	-	(693,555)
Pledges Receivable	-	-	-	(160,985)	(160,985)
Inventories	(20,009)	(331)	-	-	(20,340)
NDPERS Deferred Pension/OPEB Outflows	32,567	32,567	249,680	-	314,814
Accounts Payable	(1,988)	-	(5,342)	2,080	(5,250)
Gift Certificate/Cards Payable	13,748	372	54	-	14,174
Accrued Payroll	14,555	266	3,842	-	18,663
Pledges Payable	-	-	-	(11,610)	(11,610)
Compensated Absences	(14,491)	176	(16,511)	-	(30,826)
Deferred Leases inflows	-	-	828,521	-	828,521
NDPERS Net Pension/OPEB Liability	(49,528)	(49,528)	(379,718)	-	(478,774)
NDPERS Deferred Pension/OPEB Inflows	26,457	26,457	202,841	-	255,755
Unearned Revenue	-	-	39,667	(472,773)	(433,106)
Total Adjustments	<u>365,270</u>	<u>78,323</u>	<u>630,192</u>	<u>(639,297)</u>	<u>434,488</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 340,829</u>	<u>\$ (75,177)</u>	<u>\$ (48,276)</u>	<u>\$ 878,462</u>	<u>\$ 1,095,838</u>
Reconciliation of Cash and Investments					
Cash	\$ 882,480	\$ 81,869	\$ 888,957	\$ 156,468	\$ 2,009,774
Investments	-	-	-	959,004	959,004
Restricted Cash	-	-	1,503,885	-	1,503,885
	<u>\$ 882,480</u>	<u>\$ 81,869</u>	<u>\$ 2,392,842</u>	<u>\$ 1,115,472</u>	<u>\$ 4,472,663</u>

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

	<u>Pension Trust Fund</u>
ASSETS	
Investments, at Fair Value:	
Cash and Investment Funds	<u>\$ 8,670,233</u>
NET POSITION	
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 8,670,233</u>

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 150,000
Plan Members	50,123
Total Contributions	200,123
Investment Earnings:	
Investment Income	415,248
Net Change in the Fair Value of Investments	455,075
Administrative Expenses	(26,510)
Net Investment Earnings (Losses)	843,813
Total Additions	1,043,936
DEDUCTIONS	
Benefits Paid	818,841
Total Deductions	818,841
Change in Net Position	225,095
Net Position - Beginning	8,445,138
Net Position - Ending	\$ 8,670,233

See Notes to the Basic Financial Statements

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 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, 2023

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, 2023

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, 2023

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, equipment, and subscription-based information technology arrangements of the District are depreciated/amortized 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, 2023

<u>Assets</u>	<u>Years</u>
Buildings, Systems, and Structures	20-50
Golf Course	15-50
Equipment	5-10
Subscription-Based Information Technology Arrangements	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. Subscription-Based Information Technology Arrangements (SBITA)

Subscription-Based Information Technology Arrangements (SBITA) are contracts that conveys control of the right to use another party's 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.

The determination of whether a SBITA asset and liability are to be recorded in the financial statements is made at inception by evaluating the maximum possible term of the SBITA.

A SBITA contract with an initial term of more than 12 months, or that contain an option to extend the contract more than 12 months that is reasonably expected to be exercised by the District, are recognized based on the present value of subscription payments over the contract term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the SBITA contract

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the SBITA contract commencement.

The District continues to recognize short-term SBITA subscription payments as outflows of resources (expenditure) based on the payment provision of the SBITA contract. Short-term SBITA contracts have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

The amortizable life of SBITA assets are limited to the shorter of the expected agreement term or the useful life of the underlying asset.

L. 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.

M. 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.

N. Long-Term Obligations

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

O. 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.

P. 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.

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.

Q. Net Position

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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.

R. 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.

S. 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 *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.

T. Sales Taxes

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

U. 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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

V. 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.

W. Unearned Revenue

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

X. 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.

Y. Income Taxes

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

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

NOTE 2 CASH

A. Deposits

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

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

At December 31, 2023, the carrying amount of the District's bank deposits was \$7,919,017 and the bank balance was \$7,980,018 of which all was covered by Federal Depository Insurance or collateral held in safekeeping in the District's name. In addition, there is \$1,503,885 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, 2023, \$8,558,815 of the District's pension trust funds were invested with the North Dakota State Investment Board and \$111,418 of the pension trust funds were invested with Aetna Life Insurance Company. Both the North Dakota State Investment Board and Aetna Life Insurance Company are external investment pools.

As of December 31, 2023, 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	\$ 2,395
Consumer Cyclical	13,080
Consumer Non-Cyclical	4,394
Energy	3,689
Financial	17,628
Health Care	13,992
Industrials	9,677
Mutual Fund - Equity	123,890
Mutual Funds - International	77,596
Technology	36,694
Telecommunications	14,875
Utility	571
Mutual Funds	309,916
Total	\$ 628,397

The remaining \$330,607 of investments are invested in Certificates of Deposits.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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	\$ 4,647,756	\$ -	\$ -	\$ 4,647,756
Global Fixed Income	-	2,117,261	-	2,117,261
	\$ 4,647,756	\$ 2,117,261	\$ -	\$ 6,765,017

Investments measured at the net asset value (NAV):

Pension Investments:	
Real Assets NAV:	\$ 1,710,423
Redemption Frequency:	Quarterly, Not Eligible
Redemption Notice Period:	30-90 days

The remaining \$194,793 of the pension investments were cash deposits.

Permitted Investments for Restricted Investments

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

- a) Governmental Obligations;
- b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): U.S. Export-Import Bank (Eximbank), as to direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration, as to participation certificates; U.S. Maritime Administration, as to Guaranteed Title XI financing; and U.S. Department of Housing and Urban Development (HUD), as to project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, and U.S. public housing notes and bonds (as to U.S. government guaranteed public housing notes and bonds);
- c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies of the United States of America (non-full faith and credit agencies, and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): Federal Home Loan Bank System, as to senior debt obligations; Student Loan Marketing Association (SLMA or "Sallie Mae"), as to senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System, as to consolidated system-wide bonds and notes;
- d) direct and general obligations or of bonds or notes issued by, any state of the United States of America or any municipality or political subdivision of any such state, which obligations are rated in one of the two highest rating categories of either S&P or Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service approved by the Trustee;

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Interest Rate Risk

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

Credit Risk

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

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

Concentration of Credit Risk

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 01/01/23	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/23
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 4,254,623	\$ -	\$ -	\$ -	\$ 4,254,623
Land Improvements	15,023,100	65,376	-	-	15,088,476
Construction in Progress	<u>1,156,643</u>	<u>2,099,239</u>	<u>-</u>	<u>(1,118,240)</u>	<u>2,137,642</u>
Total Capital Assets Not Being Depreciated	<u>20,434,366</u>	<u>2,164,615</u>	<u>-</u>	<u>(1,118,240)</u>	<u>21,480,741</u>
Capital Assets Being Depreciated:					
Buildings, Systems, and Structures	39,416,436	1,470,840	-	1,118,240	42,005,516
Equipment	2,629,675	35,628	-	-	2,665,303
Vehicles	1,464,689	154,575	(13,400)	-	1,605,864
Tractors, Trailers, and Mowers	<u>1,944,694</u>	<u>96,072</u>	<u>(48,064)</u>	<u>-</u>	<u>1,992,702</u>
Total Capital Assets Being Depreciated	<u>45,455,494</u>	<u>1,757,115</u>	<u>(61,464)</u>	<u>1,118,240</u>	<u>48,269,385</u>
Less Accumulated Depreciation:					
Buildings, Systems, and Structures	(16,290,426)	(1,007,443)	-	-	(17,297,869)
Equipment	(1,890,311)	(122,685)	-	-	(2,012,996)
Vehicles	(1,149,605)	(88,706)	13,400	-	(1,224,911)
Tractors, Trailers, and Mowers	<u>(1,107,289)</u>	<u>(160,245)</u>	<u>39,653</u>	<u>-</u>	<u>(1,227,881)</u>
Total Accumulated Depreciation	<u>(20,437,631)</u>	<u>(1,379,079)</u>	<u>53,053</u>	<u>-</u>	<u>(21,763,657)</u>
Total Capital Assets Being Depreciated, Net	<u>25,017,863</u>	<u>378,036</u>	<u>(8,411)</u>	<u>1,118,240</u>	<u>26,505,728</u>
Governmental Capital Assets, Net	<u>\$ 45,452,229</u>	<u>\$ 2,542,651</u>	<u>\$ (8,411)</u>	<u>\$ -</u>	<u>\$ 47,986,469</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

	Balance 01/01/23, As Restated	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/23
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 3,249,695	\$ -	\$ -	\$ -	\$ 3,249,695
Total Capital Assets Not Being Depreciated	<u>3,249,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,249,695</u>
Capital Assets Being Depreciated:					
Buildings, Systems, and Structures	30,055,964	16,863	-	-	30,072,827
Golf Course	6,278,692	-	-	-	6,278,692
Equipment	1,862,517	97,587	-	-	1,960,104
Vehicles	26,932	-	-	-	26,932
Tractors, Trailers, and Mowers	<u>1,126,628</u>	<u>50,296</u>	<u>(33,000)</u>	<u>-</u>	<u>1,143,924</u>
Total Capital Assets Being Depreciated	<u>39,350,733</u>	<u>164,746</u>	<u>(33,000)</u>	<u>-</u>	<u>39,482,479</u>
Less Accumulated Depreciation:					
Buildings, Systems, and Structures	(7,293,695)	(644,911)	-	-	(7,938,606)
Golf Course	(3,079,128)	(128,926)	-	-	(3,208,054)
Equipment	(1,299,506)	(160,155)	-	-	(1,459,661)
Vehicles	(26,018)	(914)	-	-	(26,932)
Tractors, Trailers, and Mowers	<u>(804,134)</u>	<u>(66,938)</u>	<u>33,000</u>	<u>-</u>	<u>(838,072)</u>
Total Accumulated Depreciation	<u>(12,502,481)</u>	<u>(1,001,844)</u>	<u>33,000</u>	<u>-</u>	<u>(13,471,325)</u>
Total Capital Assets Being Depreciated, Net	<u>26,848,252</u>	<u>(837,098)</u>	<u>-</u>	<u>-</u>	<u>26,011,154</u>
Subscription-Based Information Technology Arrangements	<u>91,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,521</u>
Less Accumulated amortization for					
Subscription-Based Information Technology Arrangements	<u>-</u>	<u>(21,120)</u>	<u>-</u>	<u>-</u>	<u>(21,120)</u>
Total Subscription-Based Information Technology Arrangement Assets being amortized, net	<u>91,521</u>	<u>(21,120)</u>	<u>-</u>	<u>-</u>	<u>70,401</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,189,468</u>	<u>\$ (858,218)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,331,250</u>

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

Governmental Activities:	
Park Operations	\$ 1,352,528
Forestry	<u>26,551</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,379,079</u>
Business-Type Activities:	
King's Walk Golf Course	\$ 366,354
Lincoln Golf Course	68,344
Choice Health & Fitness	<u>588,266</u>
Total Depreciation and Amortization Expense - Business-Type Activities	<u>\$ 1,022,964</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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, 2028 as follows:

2024	\$	331,708
2025		161,875
2026		137,462
2027		80,304
2028		4,104
	<u>\$</u>	<u>715,453</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, Eagles/BLC Arena Renovations, ICON Sports Center, Kraft Field Improvements, Northern Valley Law Enforcement Memorial, Terry Paukert Tennis Complex and Veterans Memorial Park and are due according to the following schedule:

Receivable in less than one year	\$	730,226
Receivable in one to five years		2,124,161
Receivable in more than five years		1,825,178
	<u>\$</u>	<u>4,679,565</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 \$1,147,322 at December 31, 2023.

Management estimates an allowance for uncollectible pledges to be \$230,646 at December 31, 2023.

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
DECEMBER 31, 2023

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 12/31/23
<u>Governmental Activities:</u>					
Refunding Improvement Bonds, Series 2021A	4/30/2021	\$ 2,970,000	5.00%	5/1/2027	\$ 1,980,000
Refunding Improvement Bonds, Series 2021B	4/30/2021	5,505,000	2.00%	5/1/2031	4,975,000
Contracts Payable - ICON Holdings, LLC	9/2/2014	716,750	4.50%	12/31/2024	86,944
Contracts Payable - City of Grand Forks	6/6/2017	590,461	3.00%	12/31/2041	425,132
Total Governmental Activities		<u>\$ 9,782,211</u>			<u>\$ 7,467,076</u>

	Date of Issue	Original Amount	Interest Rate	Maturity Date	Balance 12/31/23
<u>Business-Type Activities:</u>					
Lease Revenue Bonds, Series 2013B	12/12/2013	\$ 6,845,000	3.00%-4.25%	10/1/2033	\$ 2,370,000
Wellness Center Revenue Refunding Bonds, Series 2015	4/28/2015	20,975,000	2.00%-3.50%	12/1/2036	14,120,000
Subscription-Based Information Technology Arrangement Liability	1/1/2023	91,521	3.00%	5/1/2027	70,054
Total Business-Type Activities		<u>\$ 27,911,521</u>			<u>\$ 16,560,054</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
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	-	-	935,000	62,550	-	-
2029-2033	-	-	2,660,000	75,400	-	-
	<u>\$ 1,980,000</u>	<u>\$ 181,750</u>	<u>\$ 4,975,000</u>	<u>\$ 488,750</u>	<u>\$ 86,944</u>	<u>\$ 2,459</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Governmental Activities

Year Ending December 31,	City of Grand Forks			
	Contracts Payable		Total	
	Principal	Interest	Principal	Interest
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	23,618	9,920	958,618	72,470
2029-2033	118,090	38,970	2,778,090	114,370
2034-2038	118,090	21,256	118,090	21,256
2039-2041	70,862	4,251	70,862	4,251
	<u>\$ 425,132</u>	<u>\$ 121,161</u>	<u>\$ 7,467,076</u>	<u>\$ 794,120</u>

Business-Type Activities

Year Ending December 31,	Lease Revenue Bonds, Series 2013B		Wellness Center Revenue Refunding Bonds, Series 2015		Subscription-Based Information Technology Arrangements	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 200,000	\$ 93,426	\$ 915,000	\$ 450,575	\$ 21,416
2025	205,000	87,176	940,000	423,125	22,067	1,333
2026	215,000	80,002	970,000	394,925	22,739	661
2027	220,000	72,208	995,000	365,825	3,832	68
2028	230,000	63,408	1,020,000	335,975	-	-
2029-2033	1,300,000	168,388	5,540,000	1,191,219	-	-
2034-2036	-	-	3,740,000	259,800	-	-
	<u>\$ 2,370,000</u>	<u>\$ 564,608</u>	<u>\$ 14,120,000</u>	<u>\$ 3,421,444</u>	<u>\$ 70,054</u>	<u>\$ 4,046</u>

Business-Type Activities

Year Ending December 31,	Total	
	Principal	Interest
2024	\$ 1,136,416	\$ 545,985
2025	1,167,067	511,634
2026	1,207,739	475,588
2027	1,218,832	438,101
2028	1,250,000	399,383
2029-2033	6,840,000	1,359,607
2034-2036	3,740,000	259,800
	<u>\$ 16,560,054</u>	<u>\$ 3,990,098</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Balance 1/1/2023	Issued	Retired	Balance 12/31/2023	Due Within One Year
<i>Governmental Activities:</i>					
Bonds Payable:					
Bonds	\$ 7,735,000	\$ -	\$ (780,000)	\$ 6,955,000	\$ 805,000
Unamortized Bond Premium	614,055	-	(109,802)	504,253	-
Contract Payable	618,834	-	(106,758)	512,076	110,562
Net Pension Liability:					
Single Employer Plan	2,389,165	-	(58,992)	2,330,173	-
NDPERS	4,030,701	-	(1,152,295)	2,878,406	-
Net OPEB Liability	156,973	-	(19,879)	137,094	-
Compensated Absences	<u>312,490</u>	<u>220,115</u>	<u>(220,120)</u>	<u>312,485</u>	<u>220,000</u>
 Governmental Activities Long-Term Liabilities	 <u>\$ 15,857,218</u>	 <u>\$ 220,115</u>	 <u>\$ (2,447,846)</u>	 <u>\$ 13,629,487</u>	 <u>\$ 1,135,562</u>
 <i>Business Type Activities:</i>					
Bonds Payable:					
Revenue Bonds	\$ 17,770,000	\$ -	\$ (1,280,000)	\$ 16,490,000	\$ 1,115,000
Unamortized Bond Premium	204,020	-	(16,181)	187,839	-
Net Pension Liability:					
NDPERS	1,646,342	-	(470,655)	1,175,687	-
Net OPEB Liability	64,116	-	(8,119)	55,997	-
Subscription-Based Information					
Technology Arrangements	91,521	-	(21,467)	70,054	21,416
Compensated Absences	<u>263,571</u>	<u>133,553</u>	<u>(164,380)</u>	<u>232,744</u>	<u>164,000</u>
 Business-Type Activities Long-Term Liabilities	 <u>\$ 20,039,570</u>	 <u>\$ 133,553</u>	 <u>\$ (1,960,802)</u>	 <u>\$ 18,212,321</u>	 <u>\$ 1,300,416</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 0.24% 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, 2023

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 - \$1,250
Land	8/1/2022	12/31/2024	Bi-Annually	\$5,500 - \$6,000
Land	3/21/2014	3/21/2038	Monthly	\$920 - \$1,400
Building	10/1/2022	9/30/2024	Annual	\$10,000

	<u>Year Ended</u> <u>12/31/2023</u>
Lease Revenue	
Building	\$ 9,730
Land	23,413
Total Lease Revenue	33,143
Interest Revenue	6,665
Total	<u>\$ 39,808</u>

Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2024	\$ 29,152	\$ 6,268	\$ 35,420
2025	8,247	5,450	13,697
2026	9,747	5,199	14,946
2027	9,044	4,902	13,946
2028	9,319	4,627	13,946
2029-2033	60,915	18,020	78,935
2034-2038	82,503	7,335	89,838
2039-2043	5,178	120	5,298
Total	<u>\$ 214,105</u>	<u>\$ 51,921</u>	<u>\$ 266,026</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 - \$80,000
Building	11/1/2023	10/30/2028	Monthly	\$17,107 - \$17,722

	<u>Year Ended</u> <u>12/31/2023</u>
Lease Revenue	
Building	\$ 99,364
Total Lease Revenue	99,364
Interest Revenue	14,261
Total	<u>\$ 113,625</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2024	\$ 242,158	\$ 34,129	\$ 276,287
2025	252,523	26,764	279,287
2026	264,436	19,081	283,517
2027	281,731	10,937	292,668
2028	174,810	2,413	177,223
Total	<u>\$ 1,215,658</u>	<u>\$ 93,324</u>	<u>\$ 1,308,982</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, 2023, the reserve account was properly funded with an ending balance of \$1,503,885.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2023, is as follows:

Due from / to other funds:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Choice Health & Fitness	Foundation	\$ 2,807,418

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	\$ 2,370,000

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>		
2024	\$ 200,000	\$ 93,426
2025	205,000	87,176
2026	215,000	80,002
2027	220,000	72,208
2028	230,000	63,408
2029-2033	1,300,000	168,388
	<u>\$ 2,370,000</u>	<u>\$ 564,608</u>

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Interfund transfers were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 38,807	\$ 2,744,000
Capital Projects Fund	2,649,022	413,126
Lincoln Golf Course	88,000	-
King's Walk Golf Course	40,000	-
Choice Health & Fitness	1,155,000	-
Foundation	120,016	933,719
Total	\$ 4,090,845	\$ 4,090,845

In accordance with the agreement between the Foundation and the Capital Projects Fund, the Capital Projects fund transferred \$105,127 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, 2023, the Capital Projects Fund had a deficit fund balance of \$1,574,393. This deficit will be eliminated with future transfers in and property tax revenues.

NOTE 11 ENDOWMENT

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

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

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

Description of Amounts Classified as Non-expendable (Endowment Only) as of December 31, 2023

Non-expendable Donations:

The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	<u>\$ 211,567</u>
Total endowment funds classified as non-expendable	<u>\$ 211,567</u>

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12 UNEARNED REVENUE

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

	Governmental Activities	Business-Type Activities
Prepaid Scheduled Ice Time	\$ 108,762	\$ -
Advanced Deposits	-	175,811
Total	<u>\$ 108,762</u>	<u>\$ 175,811</u>

NOTE 13 UNAVAILABLE REVENUE

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

	Governmental Activities
Taxes Receivable	\$ 119,356
Sponsorship Receivable	823,163
Other	80,709
Total	<u>\$ 1,023,228</u>

Sponsorship receivable consists of sponsorships paid and contracts signed for the years following December 31, 2023.

NOTE 14 DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER

A. Plan Description

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

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

Eligibility

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

1. All employees of the District were eligible to participate in the plan if they were employed prior to age 60.
2. All employees hired after 7/1/1973 were required to join the pension plan provided they were employed prior to age 60.
3. An employee became a contributing participant on the first day of the month after one year of service. However, the employee receives credit for this past one year in calculating years of service in the plan.
4. Past service benefit is limited to ten years prior to 7/1/1973.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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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, 2023, the following employees were covered by the benefit terms:

Inactive Employees or beneficiaries currently receiving benefits	29
Inactive Employees entitled to but not yet receiving benefits	7
Active Employees	<u>15</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, 2023, the District reported a liability of \$2,330,173 for the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023.

For the year ended December 31, 2023, the District recognized pension expense of \$315,018. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 438,356	\$ -
Total	\$ 438,356	\$ -

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	
2024	\$	59,687
2025		141,964
2026		297,235
2027		(60,530)

Actuarial Assumptions

The total pension liability in the January 1, 2023 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, 2023. 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, 2023 Actuarial Valuation Report.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Position Liability (a)	Fiduciary Net Position (b)	Position Liability (a) - (b)
Balances at 1/1/2023	\$ 10,834,303	\$ 8,445,138	\$ 2,389,165
Changes for the Year:			
Service Cost	48,305	-	48,305
Interest	733,123	-	733,123
Contributions - Employer	-	150,000	(150,000)
Contributions - Employee	-	50,123	(50,123)
Net Investment Income	-	871,193	(871,193)
Differences Between Expected and Actual Experience	203,515	-	203,515
Benefit Payments, Including Refunds of Employee Contributions	(818,841)	(818,841)	-
Administrative Expenses	-	(27,381)	27,381
Net Changes	<u>166,102</u>	<u>225,094</u>	<u>(58,992)</u>
Balances at 12/31/2023	<u>\$ 11,000,405</u>	<u>\$ 8,670,232</u>	<u>\$ 2,330,173</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: \$	3,424,686	\$ 2,330,173	\$ 1,392,160

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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Pension Benefits

Benefits are set by statute. NDPERS has no provisions 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 was 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. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

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.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

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

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

At December 31, 2023, the District reported a liability of \$4,054,093 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the District's proportion was 0.21025%. At June 30, 2022, the District's proportion was 0.19712%.

For the year ended December 31, 2023, the District recognized pension expense of \$469,588. At December 31, 2023, 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	\$ 131,974	\$ 22,358
Changes in actuarial assumptions	2,235,474	3,077,159
Difference between projected and actual investment earnings	106,372	-
Changes in proportion	382,582	18,260
Contributions paid to NDPERS subsequent to the measurement date	95,308	-
Total	\$ 2,951,710	\$ 3,117,777

\$95,308 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, 2024.

Other 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
2024	\$ 128,085
2025	(341,057)
2026	159,427
2027	(207,830)

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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Actuarial Assumptions

The total pension liability in the July 1, 2023 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	6.5%, 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	31.00%	6.25%
International Equity	20.00%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

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).

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.5%.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the NDPERS net pension liability:	\$ 5,589,620	\$ 4,054,093	\$ 2,780,254

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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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 Amount</u>
2024	\$ 19,160
2025	15,497
2026	21,132
2027	(4,828)

Actuarial assumptions. The total OPEB liability in the July 1, 2023 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	5.75%, 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
S&P 500 Index	33.00%	5.50%
US Small Cap Equity	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Cored Fixed Income	28.00%	4.04%

Discount rate. The discount rate used to measure the total OPEB liability was 5.75%. 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

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
District's proportionate share of the net OPEB liability:	\$ 253,767	\$ 193,091	\$ 142,070

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, 2023 the District paid the Altru Family YMCA \$202,880 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 \$128,675 for the year ended December 31, 2023.

NOTE 21 COMMITMENTS

The District has entered into contracts for various construction projects. As of December 31, 2023, the District has commitments of \$650,848 for various construction projects.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 22 IMPLEMENTATION OF GASB STATEMENT NO. 96

As of December 31, 2023, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset, an intangible asset, and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the District recognized a right to use subscription asset and subscription liability of \$91,521 as of December 31, 2023. As a result of this adjustment there was no effect on the beginning net position.

NOTE 23 NEW PRONOUNCEMENTS

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- 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*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

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

NOTE 24 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through March 21, 2024, which is the date these financial statements were available to be issued.

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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%
2023	405,481	150,000	(255,481)	719,031	20.86%
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%
2023	188,683	188,683	-	2,650,041	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%
2023	0.210247%	4,054,093	2,571,050	157.68%	65.31%

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.

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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>2023</u>	<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	\$ 48,305	\$ 56,809	\$ 63,470	\$ 60,915	\$ 69,068	\$ 55,532	\$ 51,356	\$ 53,042	\$ 65,304
Interest	733,123	734,469	730,065	692,880	678,667	701,298	639,065	613,350	600,859
Differences Between Expected and Actual Experience	203,515	(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>(818,841)</u>	<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	166,102	52,656	185,803	526,437	225,315	673,787	984,860	299,293	215,289
Total Pension Liability - Beginning	<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>	<u>7,670,863</u>
Total Pension Liability - Ending (a)	<u>\$ 11,000,405</u>	<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	\$ 150,000	\$ 318,000	\$ 402,000	\$ 402,000	\$ 318,000	\$ 318,000	\$ 210,000	\$ 210,000	\$ 210,000
Contributions - Employee	50,123	56,238	62,178	67,435	65,266	68,781	69,545	74,628	79,340
Net Investment Income	871,193	(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	(818,841)	(692,080)	(459,621)	(464,059)	(435,840)	(353,667)	(496,980)	(544,647)	(450,874)
Administrative Expenses	<u>(27,381)</u>	<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	225,094	(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>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>	<u>6,000,031</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,670,232</u>	<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>\$ 2,330,173</u>	<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	78.82%	77.95%	91.79%	80.70%	75.77%	66.63%	73.72%	73.37%	74.65%
Covered Employee Payroll	\$ 719,031	\$ 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	324.07%	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

Schedule of Employer Contributions NDPERS

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%
2023	30,210	30,210	-	2,650,041	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%
2023	0.193138%	193,091	1,941,387	9.95%	62.74%

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, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local Property Taxes	\$ 7,110,500	\$ 7,139,150	\$ 28,650
State Revenues	990,000	1,233,026	243,026
Program Income	1,443,600	1,347,433	(96,167)
Investment Earnings	50,000	377,917	327,917
Sponsorship	320,500	399,152	78,652
Donations	300	-	(300)
Miscellaneous	30,700	103,190	72,490
	<u>9,945,600</u>	<u>10,599,868</u>	<u>654,268</u>
EXPENDITURES			
Current:			
Park Operations	5,816,900	5,125,751	691,149
Forestry	1,232,200	1,136,025	96,175
Recreation	767,600	784,098	(16,498)
Capital Outlay:			
Capital and Betterment	893,500	785,782	107,718
Debt Service:			
Principal Retirement	23,600	106,758	(83,158)
Interest Charges	13,500	19,726	(6,226)
	<u>8,747,300</u>	<u>7,958,140</u>	<u>789,160</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,198,300</u>	<u>2,641,728</u>	<u>1,443,428</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	24,000	39,207	15,207
Transfers In	11,000	38,807	27,807
Transfers Out	(980,000)	(2,744,000)	(1,764,000)
	<u>(945,000)</u>	<u>(2,665,986)</u>	<u>(1,720,986)</u>
Net Change in Fund Balances	253,300	(24,258)	(277,558)
Fund Balances - Beginning of Year	<u>3,468,359</u>	<u>3,468,359</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 3,721,659</u>	<u>\$ 3,444,101</u>	<u>\$ (277,558)</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, 2023

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 \$789,160 for the year ended December 31, 2023.

NOTE 2 CHANGES OF ASSUMPTIONS AND BENEFIT TERMS

NDPERS PENSION

Changes of benefit terms.

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

PARK DISTRICT OF THE CITY OF GRAND FORKS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

Changes of assumptions.

All 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

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, 2022.

Changes of assumptions.

All 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

PARK DISTRICT OF THE CITY OF GRAND FORKS
COMBINING BALANCE SHEET – GENERAL FUND
DECEMBER 31, 2023

	General Fund	Forestry Fund	Recreation Fund	Total General Funds
Assets				
Cash	\$ 3,060,221	\$ 748,762	\$ 249,473	\$ 4,058,456
Accounts Receivable	288,631	-	788	289,419
Taxes Receivable	70,154	18,619	7,026	95,799
Contract and Sponsorships Receivable	715,453	-	-	715,453
Interest Receivable	634	-	-	634
Short Term Lease Receivable	29,152	-	-	29,152
Long Term Lease Receivable	184,953	-	-	184,953
Total Assets	<u>\$ 4,349,198</u>	<u>\$ 767,381</u>	<u>\$ 257,287</u>	<u>\$ 5,373,866</u>
Liabilities				
Accounts Payable	\$ 532,943	\$ -	\$ -	\$ 532,943
Unearned Revenue	108,763	-	-	108,763
Sales Tax Payable	-	-	196	196
Gift Certificate/Card Payable	29,770	-	-	29,770
Accrued Payroll	45,708	11,631	4,694	62,033
Total Liabilities	<u>717,184</u>	<u>11,631</u>	<u>4,890</u>	<u>733,705</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	66,547	17,662	6,665	90,874
Unavailable Revenue - Contracts and Sponsorships	903,872	-	-	903,872
Deferred Inflows of Resources - Leases	201,314	-	-	201,314
Total Deferred Inflows of Resources	<u>1,171,733</u>	<u>17,662</u>	<u>6,665</u>	<u>1,196,060</u>
Fund Balances				
Unassigned	2,460,281	738,088	245,732	3,444,101
Total Fund Balances	<u>2,460,281</u>	<u>738,088</u>	<u>245,732</u>	<u>3,444,101</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,349,198</u>	<u>\$ 767,381</u>	<u>\$ 257,287</u>	<u>\$ 5,373,866</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, 2023

	General Fund	Forestry Fund	Recreation Fund	Total General Funds
Revenues				
Local Property Taxes	\$ 5,243,218	\$ 1,402,806	\$ 493,126	\$ 7,139,150
State Revenues	1,233,026	-	-	1,233,026
Program Income	1,065,875	3,350	278,208	1,347,433
Investment Earnings	377,917	-	-	377,917
Sponsorships	396,354	-	2,798	399,152
Miscellaneous	61,044	33,859	8,287	103,190
Total Revenues	<u>8,377,434</u>	<u>1,440,015</u>	<u>782,419</u>	<u>10,599,868</u>
Expenditures				
Current:				
Park Operations	5,125,751	-	-	5,125,751
Forestry	-	1,136,025	-	1,136,025
Recreation	-	-	784,098	784,098
Capital Outlay:				
Capital and Betterment	667,159	118,623	-	785,782
Debt Service:				
Principal Retirement	106,758	-	-	106,758
Interest Charges	19,726	-	-	19,726
Total Expenditures	<u>5,919,394</u>	<u>1,254,648</u>	<u>784,098</u>	<u>7,958,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,458,040</u>	<u>185,367</u>	<u>(1,679)</u>	<u>2,641,728</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	39,207	-	-	39,207
Operating Transfers In	24,212	300	14,295	38,807
Operating Transfers Out	<u>(2,744,000)</u>	<u>-</u>	<u>-</u>	<u>(2,744,000)</u>
Total Other Financing Sources (Uses)	<u>(2,680,581)</u>	<u>300</u>	<u>14,295</u>	<u>(2,665,986)</u>
Net Change in Fund Balances	(222,541)	185,667	12,616	(24,258)
Fund Balance Beginning of Year	<u>2,682,822</u>	<u>552,421</u>	<u>233,116</u>	<u>3,468,359</u>
Fund Balance End of Year	<u>\$ 2,460,281</u>	<u>\$ 738,088</u>	<u>\$ 245,732</u>	<u>\$ 3,444,101</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Park District of the City of Grand Forks, as of and for the year ended December 31, 2023, 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 21, 2024.

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 the 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 21, 2024